

DEBATES
OF
THE SENATE
OF THE
DOMINION OF CANADA

1940-42

OFFICIAL REPORT

Editor: DAVID J. HALPIN

Reporters: H. H. EMERSON, B. P. LAKE, F. BERRYMAN

Translators: THE BUREAU FOR TRANSLATIONS

SECOND SESSION
NINETEENTH PARLIAMENT—4, 5 and 6 GEORGE VI



OTTAWA
EDMOND CLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1942

SENATORS OF CANADA

ACCORDING TO SENIORITY

JANUARY, 1942

THE HONOURABLE GEORGE PARENT, SPEAKER

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
RT. HON. RAOUL DANDURAND, P.C.....	De Lorimier.....	Montreal, Que.
RUFUS HENRY POPE.....	Bedford	Cookshire, Que.
GEORGE GORDON.....	Nipissing	North Bay, Ont.
ERNEST D. SMITH.....	Wentworth	Winona, Ont.
JAMES J. DONNELLY.....	South Bruce.....	Pinkerton, Ont.
CHARLES PHILIPPE BEAUBIEN.....	Montarville	Montreal, Que.
WILLIAM HENRY SHARPE.....	Manitou	Manitou, Man.
CHARLES E. TANNER.....	Pictou	Pictou, N.S.
THOMAS JEAN BOURQUE.....	Richibucto	Richibucto, N.B.
GEORGE HENRY BARNARD.....	Victoria	Victoria, B.C.
EDWARD MICHENER.....	Red Deer.....	Calgary, Alta.
WILLIAM JAMES HARMER.....	Edmonton	Edmonton, Alta.
PIERRE EDOUARD BLONDIN, P.C.....	Laurentides	St. François du Lac, Que.
GERALD VERNER WHITE, C.B.E.....	Pembroke	Pembroke, Ont.
SIR THOMAS CHAPAIS, K.B.....	Grandville	Quebec, Que.
JOHN ANTHONY McDONALD.....	Shediac	Shediac, N.B.
WILLIAM A. GRIESBACH, C.B., C.M.G.....	Edmonton	Edmonton, Alta.
JAMES A. CALDER, P.C.....	Saltcoats	Regina, Sask.
ROBERT F. GREEN.....	Kootenay	Victoria, B.C.
FRANK B. BLACK.....	Westmorland	Sackville, N.B.
ARTHUR C. HARDY, P.C.....	Leeds	Brockville, Ont.
ONÉSIPHORE TURGEON.....	Gloucester	Bathurst, N.B.
SIR ALLEN BRISTOL AYLESWORTH, P.C. K.C.M.G.	North York.....	Toronto, Ont.
CLIFFORD W. ROBINSON.....	Moncton	Moncton, N.B.

SENATORS OF CANADA

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
CREELMAN MACARTHUR.....	Prince	Summerside, P.E.I.
WILLIAM ASHBURY BUCHANAN.....	Lethbridge	Lethbridge, Alta.
ARTHUR BLISS COPP, P.C.....	Westmorland	Sackville, N.B.
JOHN PATRICK MOLLOY.....	Provencher	Winnipeg, Man.
DANIEL E. RILEY.....	High River	High River, Alta.
RT. HON. GEORGE P. GRAHAM, P.C.....	Eganville	Brockville, Ont.
WILLIAM H. MCGUIRE.....	East York	Toronto, Ont.
DONAT RAYMOND.....	De la Vallière	Montreal, Que.
EDGAR S. LITTLE.....	London	London, Ont.
GUSTAVE LACASSE	Essex	Tecumseh, Ont.
HENRY HERBERT HORSEY.....	Prince Edward	Cressey, Ont.
WALTER E. FOSTER, P.C.....	Saint John.....	Saint John, N.B.
HANCE J. LOGAN	Cumberland	Parrsboro, N.S.
CAIRINE R. WILSON.....	Rockcliffe	Ottawa, Ont.
JAMES MURDOCK, P.C.....	Parkdale	Ottawa, Ont.
GEORGE PARENT (Speaker).....	Kennebec	Quebec, Que.
JULES-ÉDOUARD PRÉVOST.....	Mille Îles	St. Jérôme, Que.
JOHN EWEN SINCLAIR, P.C.....	Queen's	Emerald, P.E.I.
JAMES H. KING, P.C.....	Kootenay East	Victoria, B.C.
ARTHUR MARCOTTE.....	Ponteix	Ponteix, Sask.
ALEXANDER D. MCRAE, C.B.....	Vancouver	Vancouver, B.C.
RT. HON. ARTHUR MEIGHEN, P.C.....	St. Mary's	Toronto, Ont.
CHARLES COLQUHOUN BALLANTYNE, P.C...	Alma	Montreal, Que.
WILLIAM HENRY DENNIS.....	Halifax	Halifax, N.S.
JOHN ALEXANDER MACDONALD.....	Richmond— West Cape Breton...	St. Peters, Cape Breton, N.S.
JOSEPH H. RAINVILLE.....	Repentigny	St. Lambert, Que.
LUCIEN MORAUD.....	La Salle	Quebec, Que.
LOUIS COTÉ.....	Ottawa East	Ottawa, Ont.
RALPH BYRON HORNER.....	Saskatchewan North... West Central	Blaine Lake, Sask.
WALTER MORLEY ASELTYNE.....	Saskatchewan	Rosetown, Sask.
EDGAR N. RHODES, P.C.....	Amherst	Amherst, N.S.
THOMAS CANTLEY.....	New Glasgow	New Glasgow, N.S.
FELIX P. QUINN.....	Bedford-Halifax	Bedford, N.S.
JOHN L. P. ROBICHEAU.....	Digby-Claire	Maxwellton, N.S.
JOHN A. MACDONALD, P.C.....	Cardigan	Cardigan, P.E.I.

SENATORS OF CANADA

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
DONALD SUTHERLAND, P.C.....	Oxford	Ingersoll, Ont.
IVA CAMPBELL FALLIS.....	Peterborough	R.R. No. 3, Peterborough, Ont.
GEORGE B. JONES, P.C.....	Royal	Apohaqui, N.B.
ARTHUR SAUVÉ, P.C.....	Rigaud	Outremont, Que.
ANTOINE J. LÉGER.....	L'Acadie	Moncton, N.B.
BENJAMIN F. SMITH.....	Victoria-Carleton	East Florenceville, N.B.
HENRY A. MULLINS.....	Marquette	Winnipeg, Man.
JOHN T. HAIG.....	Winnipeg South-Centre.....	Winnipeg, Man.
EUGÈNE PAQUET, P.C.....	Lauzon	St. Romuald, Que.
WILLIAM DUFF.....	Lunenburg	Lunenburg, N.S.
JOHN W. DE B. FARRIS.....	Vancouver South	Vancouver, B.C.
ADRIAN K. HUGESSEN	Inkerman	Montreal, Que.
NORMAN P. LAMBERT.....	Ottawa	Ottawa, Ont.
DUNCAN McL. MARSHALL.....	Peel	Toronto, Ont.
J. FERNAND FAFARD.....	De la Durantaye.....	L'Islet, Que.
JOHN CAMPBELL ELLIOTT, P.C.....	Middlesex	London, Ont.
ARTHUR LUCIEN BEAUBIEN	St. Jean Baptiste	St. Jean Baptiste, Man.
JOHN J. STEVENSON.....	Prince Albert	Regina, Sask.
ARISTIDE BLAIS.....	St. Albert	Edmonton, Alta.
DONALD MACLENNAN.....	Margaree Forks	Margaree Forks, N.S.
CHARLES BENJAMIN HOWARD.....	Wellington	Sherbrooke, Que.
ELIE BEAUREGARD.....	Rougemont	Montreal, Que.
ATHANASE DAVID.....	Sorel	Montreal, Que.
EDOUARD CHARLES ST-PÈRE.....	De Lanaudière	Montreal, Que.
SALTER ADRIAN HAYDEN	Toronto	Toronto, Ont.
NORMAN MCLEOD PATERSON.....	Thunder Bay	Fort William, Ont.
WILLIAM JAMES HUSHION.....	Victoria	Westmount, Que.
JOSEPH JAMES DUFFUS.....	Peterborough West	Peterborough, Ont.
WILLIAM DAUM EULER, P.C.....	Waterloo	Kitchener, Ont.
LEON MERCIER GOUIN.....	De Salaberry	Montreal, Que.

SENATORS OF CANADA

ALPHABETICAL LIST

JANUARY, 1942

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
ASELTINE, W. M.....	West Central Saskatchewan	Rosetown, Sask.
AYLESWORTH, SIR ALLEN, P.C., K.C.M.G...	North York	Toronto, Ont.
BALLANTYNE, C. C., P.C.....	Alma	Montreal, Que.
BARNARD, G. H.....	Victoria	Victoria, B.C.
BEAUBIEN, A. L.....	St. Jean Baptiste	St. Jean Baptiste, Man.
BEAUBIEN, C. P.....	Montarville	Montreal, Que.
BEAUREGARD, ELIE.....	Rougemont	Montreal, Que.
BLACK, F. B.....	Westmorland	Sackville, N.B.
BLAIS, ARISTIDE.....	St. Albert	Edmonton, Alta.
BLONDIN, P. E., P.C.....	Laurentides	St. François du Lac, Que.
BOURQUE, T. J.....	Richibucto	Richibucto, N.B.
BUCHANAN, W. A.	Lethbridge	Lethbridge, Alta.
CALDER, J. A., P.C.....	Saltcoats	Regina, Sask.
CANTLEY, THOMAS.....	New Glasgow	New Glasgow, N.S.
CHAPAIS, SIR THOMAS, K.B.....	Grandville	Quebec, Que.
COPP, A. B., P.C.....	Westmorland	Sackville, N.B.
COTÉ, L.....	Ottawa East.....	Ottawa, Ont.
DANDURAND, RT. HON. R., P.C.....	De Lorimier	Montreal, Que.
DAVID, ATHANASE.....	Sorel	Montreal, Que.
DENNIS, W. H.....	Halifax	Halifax, N.S.
DONNELLY, J. J.....	South Bruce	Pinkerton, Ont.
DUFF, WILLIAM.....	Lunenburg	Lunenburg, N.S.
DUFFUS, J. J.....	Peterborough West	Peterborough, Ont.
ELLIOTT, J. C., P.C.....	Middlesex	London, Ont.
EULER, W. D., P.C.....	Waterloo	Kitchener, Ont.
FAFARD, J. F.....	De la Durantaye.....	L'Islet, Que.
FALLIS, IVA CAMPBELL.....	Peterborough	R. R. No. 3, Peterborough, Ont.
FARRIS, J. W. DE B.....	Vancouver South	Vancouver, B.C.
FOSTER, W. E., P.C.....	Saint John	Saint John, N.B.

SENATORS OF CANADA

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
GORDON, G.....	Nipissing	North Bay, Ont.
GOUIN, L. M.....	De Salaberry	Montreal, Que.
GRAHAM, RT. HON. GEO. P., P.C.....	Eganville	Brockville, Ont.
GREEN, R. F.....	Kootenay	Victoria, B.C.
GRIESBACH, W. A., C.B., C.M.G.....	Edmonton	Edmonton, Alta.
HAIG, JOHN T.....	Winnipeg South-Centre.	Winnipeg, Man.
HARDY, A. C., P.C.....	Leeds	Brockville, Ont.
HARMER, W. J.....	Edmonton	Edmonton, Alta.
HAYDEN, S. A.....	Toronto	Toronto, Ont.
HORNER, R. B.....	Saskatchewan North ...	Blaine Lake, Sask.
HORSEY, H. H.....	Prince Edward	Cressy, Ont.
HOWARD, C. B.....	Wellington	Sherbrooke, Que.
HUGESSEN, A. K.	Inkerman	Montreal, Que.
HUSHION, W. J.....	Victoria	Westmount, Que.
JONES, GEORGE, B., P.C.....	Royal	Apohaqui, N.B.
KING, J. H., P.C.....	Kootenay East	Victoria, B.C.
LACASSE, G.....	Essex	Tecumseh, Ont.
LAMBERT, NORMAN P.....	Ottawa	Ottawa, Ont.
LÉGER, ANTOINE J.....	L'Acadie	Moncton, N.B.
LITTLE, E. S.....	London	London, Ont.
LOGAN, H. J.....	Cumberland	Parrsboro, N.S.
MACARTHUR, C.....	Prince	Summerside, P.E.I.
MACDONALD, J. A.....	Richmond— West Cape Breton....	St. Peters, Cape Breton, N.S.
MACDONALD, JOHN A., P.C.....	Cardigan	Cardigan, P.E.I.
MACLENNAN, DONALD.....	Margaree Forks	Margaree Forks, N.S.
MARCOTTE, A.....	Ponteix	Ponteix, Sask.
MARSHALL, DUNCAN McL.....	Peel	Toronto, Ont.
MCDONALD, J. A....	Shediac	Shediac, N.B.
MCGUIRE, W. H.....	East York	Toronto, Ont.
MCRAE, A. D., C.B.....	Vancouver	Vancouver, B.C.
MEIGHEN, RT. HON. ARTHUR, P.C.....	St. Mary's	Toronto, Ont.
MICHENER, E.....	Red Deer	Calgary, Alta.
MOLLOY, J. P.....	Provencher	Winnipeg, Man.
MORAUD, L.....	La Salle	Quebec, Que.
MULLINS, HENRY A.....	Marquette	Winnipeg, Man.
MURDOCK, JAMES, P.C.....	Parkdale	Ottawa, Ont.

SENATORS OF CANADA

SENATORS	DESIGNATION	POST OFFICE ADDRESS
THE HONOURABLE		
PAQUET, EUGÈNE, P.C.....	Lauzon	St. Romuald, Que.
PARENT, G. (Speaker).....	Kennebec	Quebec, Que.
PATERSON, N. M.....	Thunder Bay	Fort William, Ont.
POPE, R. H.....	Bedford	Cookshire, Que.
PRÉVOST, J. E.....	Mille Iles	St. Jérôme, Que.
QUINN, FELIX P.....	Bedford-Halifax	Bedford, N.S.
RAINVILLE, J. H.....	Repentigny	St. Lambert, Que.
RAYMOND, D.....	De la Vallière	Montreal, Que.
RHODES, EDGAR N., P.C.....	Amherst	Amherst, N.S.
RILEY, D. E.	High River	High River, Alta.
ROBICHEAU, J. L. P.....	Digby-Clare	Maxwellton, N.S.
ROBINSON, C. W.....	Moncton	Moncton, N.B.
SAUVÉ, ARTHUR, P.C.....	Rigaud	Outremont, Que.
SHARPE, W. H.....	Manitou	Manitou, Man.
SINCLAIR, J. E., P.C.....	Queen's	Emerald, P.E.I.
SMITH, B. F.....	Victoria-Carleton	East Florenceville, N.B.
SMITH, E. D.....	Wentworth	Winona, Ont.
STEVENSON, J. J.....	Prince Albert	Regina, Sask.
ST. PÈRE, E. C.....	De Lanaudière	Montreal, Que.
SUTHERLAND, DONALD, P.C.....	Oxford	Ingersoll, Ont.
TANNER, C. E.....	Pictou	Pictou, N.S.
TURGEON, O.....	Gloucester	Bathurst, N.B.
WHITE, G. V., C.B.E.....	Pembroke	Pembroke, Ont.
WILSON, CAIRINE R.....	Rockcliffe	Ottawa, Ont.

SENATORS OF CANADA

BY PROVINCES

JANUARY, 1942

ONTARIO—24

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 GEORGE GORDON	North Bay.
2 ERNEST D. SMITH	Winona.
3 JAMES J. DONNELLY	Pinkerton.
4 GERALD VERNER WHITE, C.B.E.....	Pembroke.
5 ARTHUR C. HARDY, P.C.	Brockville.
6 SIR ALLEN BRISTOL AYLESWORTH, P.C., K.C.M.G.....	Toronto.
7 RT. HON. GEORGE P. GRAHAM, P.C.....	Brockville.
8 WILLIAM H. MCGUIRE	Toronto.
9 EDGAR S. LITTLE.....	London.
10 GUSTAVE LACASSE	Tecumseh.
11 HENRY H. HORSEY	Cressy.
12 CAIRINE R. WILSON	Ottawa.
13 JAMES MURDOCK, P.C.	Ottawa.
14 RT. HON. ARTHUR MEIGHEN, P.C.	Toronto.
15 LOUIS COTÉ	Ottawa.
16 DONALD SUTHERLAND, P.C.	Ingersoll.
17 IVA CAMPBELL FALLIS	R. R. No. 3, Peterborough.
18 NORMAN P. LAMBERT	Ottawa.
19 DUNCAN McL. MARSHALL	Toronto.
20 JOHN CAMPBELL ELLIOTT, P.C.	London.
21 SALTER ADRIAN HAYDEN	Toronto.
22 NORMAN MCLEOD PATERSON	Fort William.
23 JOSEPH JAMES DUFFUS	Peterborough.
24 WILLIAM DAUM EULER, P.C.	Kitchener.

QUEBEC—24

SENATORS	ELECTORAL DIVISION	POST OFFICE ADDRESS
THE HONOURABLE		
1 RT. HON. RAOUL DANDURAND, P.C.....	De Lorimier	Montreal.
2 RUFUS H. POPE.....	Bedford	Cookshire.
3 CHARLES PHILIPPE BEAUBIEN.....	Montarville	Montreal.
4 PIERRE EDOUARD BLONDIN, P.C.....	Laurentides	St. François du Lac.
5 SIR THOMAS CHAPAIS, K.B.....	Grandville	Quebec.
6 DONAT RAYMOND.....	De la Vallière.....	Montreal.
7 GEORGE PARENT (Speaker).....	Kennebec	Quebec.
8 JULES-EDOUARD PRÉVOST.....	Mille Iles	St. Jérôme.
9 CHARLES C. BALLANTYNE, P.C.....	Alma	Montreal.
10 JOSEPH H. RAINVILLE.....	Repentigny	St. Lambert.
11 LUCIEN MORAUD.....	La Salle	Quebec.
12 ARTHUR SAUVÉ, P.C.....	Rigaud	Outremont.
13 EUGÈNE PAQUET, P.C.....	Lauzon	St. Romuald.
14 ADRIAN K. HUGESSEN.....	Inkerman	Montreal.
15 J. FERNAND FAFARD.....	De la Durantaye	L'Islet.
16 CHARLES BENJAMIN HOWARD.....	Wellington	Sherbrooke.
17 ELIE BEAUREGARD.....	Rougemont	Montreal.
18 ATHANASE DAVID.....	Sorel	Montreal.
19 EDOUARD CHARLES ST-PÈRE.....	De Lanaudière	Montreal.
20 WILLIAM JAMES HUSHION.....	Victoria	Westmount.
21 LEON MERCIER GOUIN.....	De Salaberry	Montreal.
22 .....	.....	.....
23 .....	.....	.....
24 .....	.....	.....

NOVA SCOTIA—10

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 CHARLES E. TANNER	Pictou.
2 HANCE J. LOGAN	Parrsboro.
3 WILLIAM H. DENNIS	Halifax.
4 JOHN A. MACDONALD	St. Peters, Cape Breton.
5 EDGAR N. RHODES, P.C.	Amherst.
6 THOMAS CANTLEY	New Glasgow.
7 FELIX P. QUINN	Bedford.
8 JOHN L. P. ROBICHEAU	Maxwellton.
9 WILLIAM DUFF	Lunenburg.
10 DONALD MACLENNAN	Margaree Forks.

NEW BRUNSWICK—10

THE HONOURABLE	
1 THOMAS JEAN BOURQUE	Richibucto.
2 JOHN ANTHONY McDONALD	Shediac.
3 FRANK B. BLACK	Sackville.
4 ONÉSIPHORE TURGEON	Bathurst.
5 CLIFFORD W. ROBINSON	Moncton.
6 ARTHUR BLISS COPP, P.C.	Sackville.
7 WALTER E. FOSTER, P.C.	Saint John.
8 GEORGE B. JONES, P.C.	Apohaqui.
9 ANTOINE J. LÉGER	Moncton.
10 BENJAMIN F. SMITH	East Florenceville.

PRINCE EDWARD ISLAND—4

THE HONOURABLE	
1 CREELMAN MACARTHUR	Summerside.
2 JOHN EWEN SINCLAIR, P.C.	Emerald.
3 JOHN A. MACDONALD, P.C.	Cardigan.
4	

BRITISH COLUMBIA—6

SENATORS	POST OFFICE ADDRESS
THE HONOURABLE	
1 GEORGE HENRY BARNARD	Victoria.
2 ROBERT F. GREEN	Victoria.
3 JAMES H. KING, P.C.	Victoria.
4 ALEXANDER D. McRAE, C.B.	Vancouver.
5 JOHN W. DE B. FARRIS	Vancouver.
6	

MANITOBA—6

THE HONOURABLE	
1 WILLIAM H. SHARPE	Manitou.
2 JOHN PATRICK MOLLOY	Winnipeg.
3 HENRY A. MULLINS	Winnipeg.
4 JOHN T. HAIG	Winnipeg.
5 A. L. BEAUBIEN	St. Jean Baptiste.
6	

SASKATCHEWAN—6

THE HONOURABLE	
1 JAMES A. CALDER, P.C.	Regina.
2 ARTHUR MARCOTTE	Ponteix.
3 RALPH B. HORNER	Blaine Lake.
4 WALTER M. ASELTINE	Rosetown.
5 J. J. STEVENSON	Regina.
6	

ALBERTA—6

THE HONOURABLE	
1 EDWARD MICHENER	Calgary.
2 WILLIAM JAMES HARMER	Edmonton.
3 WILLIAM A. GRIESBACH, C.B., C.M.G.	Edmonton.
4 WILLIAM ASHBURY BUCHANAN	Lethbridge.
5 DANIEL E. RILEY	High River.
6 ARISTIDE BLAIS	Edmonton.

CANADA

The Debates of the Senate

OFFICIAL REPORT

THE SENATE

Speaker: Hon. GEORGE PARENT

Thursday, November 7, 1940.

The Parliament of Canada having been summoned by Proclamation of the Governor General to meet this day for the dispatch of business:

The Senate met at 2.30 p.m., the Speaker in the Chair.

Prayers.

OPENING OF THE SESSION

The Hon. the SPEAKER informed the Senate that he had received a communication from the Governor General's Secretary informing him that His Excellency the Governor General would proceed to the Senate Chamber to open the session of the Dominion Parliament this day at three o'clock.

The Senate adjourned during pleasure.

SPEECH FROM THE THRONE

At three o'clock His Excellency the Governor General proceeded to the Senate Chamber and took his seat upon the Throne. His Excellency was pleased to command the attendance of the House of Commons, and that House being come, with their Speaker, His Excellency was pleased to open the Second Session of the Nineteenth Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

Since last you met for deliberation, all countries have come to have a clearer conception of the magnitude of the present conflict and its menace to civilization. Additional nations have been threatened with war, or have become involved in war. But little of freedom is now left in Europe. Force and fear have been supplemented by subtle intrigue. International tension has been heightened by the formation of an alliance between the Axis powers and Japan.

While these events have added enormously to the uncertainties of the world situation, other events of even greater significance have served to confirm our confidence in the ultimate outcome of the struggle. First and foremost has been the magnificent resistance of the

United Kingdom. For four months, Britain has constituted the front line of battle against the forces of aggression. The spectacular advance of the enemy has been halted by the indomitable spirit of her people.

The destruction of freedom throughout Europe has awakened, in the western hemisphere, a fuller consciousness of the Nazi menace. In the face of the common peril there have arisen a closer association and an increasing measure of co-operation between the United States of America and the nations of the British Commonwealth.

You have been summoned at this time that opportunity may be afforded for the fullest consideration and discussion of Canada's war effort and of national problems which war has served to intensify or create. You will be fully advised of international developments; of Canada's co-operation with the United Kingdom, and of relations with the United States. The measures which will be submitted to you are such as seem necessary to my advisers for the welfare of the country, and for the prosecution of the war to the utmost of our strength.

Members of the House of Commons:

You will be asked to make financial provision for expenditure caused by the state of war which now exists. The estimates for the current fiscal year will be duly submitted to you for your consideration and approval.

Honourable Members of the Senate:

Members of the House of Commons:

In the discharge of your very responsible duties may Divine Providence guide and bless your deliberations.

The House of Commons withdrew.

His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

RAILWAY BILL

FIRST READING

Bill A, an Act relating to Railways.—Hon. Mr. Dandurand.

CONSIDERATION OF HIS EXCELLENCY'S SPEECH

On motion of Hon. Mr. Dandurand, it was ordered that the speech of His Excellency the Governor General be taken into consideration on Tuesday next.

COMMITTEE ON ORDERS AND PRIVILEGES

Hon. Mr. DANDURAND moved:

That all the senators present during this session be appointed a committee to consider the orders and customs of the Senate and privileges of Parliament, and that the said committee have leave to meet in the Senate Chamber when and as often as they please.

The motion was agreed to.

COMMITTEE OF SELECTION

Hon. Mr. DANDURAND moved:

That pursuant to Rule 77 the following senators, to wit: the Honourable Senators Beaubien (Montarville), Buchanan, Copp, Haig, Horsey, Meighen, Tanner, White and the mover be appointed a Committee of Selection to nominate senators to serve on the several standing committees during the present session, and to report with all convenient speed the names of the senators so nominated.

He said: These are the senators who served last year.

The motion was agreed to.

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

CORRESPONDENCE TABLED

Hon. Mr. DANDURAND: Honourable senators, I desire to lay on the Table copies of letters from the Prime Minister to the provincial Premiers regarding the report of the Royal Commission on Dominion-Provincial Relations.

PUBLIC SERVICE RE-ARRANGEMENT AND TRANSFER OF DUTIES ACT

ORDERS IN COUNCIL TABLED

Hon. Mr. DANDURAND: Honourable senators, I desire to lay on the Table copies of Orders in Council P.C. 3859 and P.C. 3860, dated August 13, 1940, tabled in accordance with provisions of the Public Service Re-Arrangement and Transfer of Duties Act.

WAR MEASURES ACT

ORDERS IN COUNCIL TABLED

Hon. Mr. DANDURAND: Honourable senators, at the preceding session I tabled in this House copies of the proclamations and Orders in Council which had been passed under the authority of the War Measures Act up to June 30 of this year. I wish now to lay on the Table copies, in duplicate, in French and in English, of the Orders which have been passed from that date until November 2 last.

The Senate adjourned until Tuesday, November 12, at 8 p.m.

Hon. Mr. DANDURAND.

THE SENATE

Tuesday, November 12, 1940.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

NEW SENATOR INTRODUCED

Hon. Léon Mercier Gouin, LL.D., K.C., of Montreal, Quebec, introduced by Hon. Raoul Dandurand and Hon. A. K. Hugessen.

THE GOVERNOR GENERAL'S SPEECH

ADDRESS IN REPLY

The Senate proceeded to the consideration of His Excellency the Governor General's speech at the opening of the session.

Hon. ATHANASE DAVID moved that an 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.

He said (Translation): Honourable members, almost every one of you present here to-day has enjoyed a long and often very fruitful career in politics. Therefore I deem it superfluous, upon rising to address this House for the first time, to point out that any experience previously acquired in the Legislature, on the campaign platform or in the lecture room counts for very little at such a moment, and that the emotion which grips me now is very much akin to that which I experienced the first time I spoke in public. However, your knowledge of men and life has, I am quite convinced, developed in you a great sense of leniency, and, gazing upon me now, you realize that I face quite alone a past beyond my reach and a present of crushing weight.

The past is made up of a thousand inspiring yet also saddening memories. In this very House, how numerous are those who have passed on after long and magnificent years of service. How many others also, at the end of a career characterized by self-denial, have relived here, through the friendship of surviving contemporaries, the pleasant memories of their youth. Why not confess that there returns to my mind at this moment the figure of him whose name I bear and who was long among you?

Believing with an unshakeable faith that those who have passed on still observe, judge and at times criticize our actions, I know that my father cannot remain indifferent to the attitude I shall adopt to-day.

How bitter and difficult are the times we are now living, how enormous the sacrifices demanded of each one of us. We are beginning a chapter of history to be written under the title of self-sacrifice: happiness, pleasure and well-being are doomed, and there already appear here and there uneasiness, mortification, self-denial and, in certain cases, indigence.

That our generation should be called upon to pay so dearly for the errors that have stigmatized world politics during the last hundred years may be regarded as equitable after all, especially if we are concerned with ensuring the happiness, security and contentment of those who will follow in our footsteps.

How unfortunate appears to me the lot of our present-day youth, who, although acquainted with all the hardships of a difficult situation, have not experienced, as we have, the carefree joys of other days, the family life of our childhood, and are not even sure of attaining the pleasures of maturity. All the more honour to our Canadian youth: setting us all a great example, they are the living symbol of an imperishable faith. With what enthusiasm did they not respond to the various appeals their country has made to them. They accepted without a murmur the national registration, and to-day they fill to overflowing every training camp in the land. They realize that after all they are shaping their own future, and that their present efforts may well determine the entire course of our national life.

Who could object to my making a few special remarks here about the province of Quebec? I have at times, believing it my duty, told my fellow citizens of French descent certain truths which were unpleasant and may have appeared to some ill-timed. It is therefore only fair that in speaking to-day to the entire country I should proclaim the deep satisfaction we experience in seeing our French Canadian youth respond to the call of national duty with that same feeling of deep attachment and sincere loyalty that all our old Canadian traditions command.

Wherever you may go, honourable members, whatever training camp you visit, the officers in charge will tell you that their ranks were rapidly filled when the call was made. On the training ground our youth, although they are at an age when other pursuits might conceivably appeal to them more strongly than the bearing of arms, have demonstrated a love of self-discipline that augurs well for the future.

Our present attitude establishes, I believe, to the satisfaction of all other groups in

the nation, that we are fully aware of the peril to our country resulting from that succession of triumphs over small nations which has made Hitler the master of Europe.

Possessing certain qualities inherited from our Motherland, as well as certain faults which we have in common with its people, we have too often, perhaps, displayed in the past a dangerous and harmful individualism. But there now arises an occasion, and we seize it eagerly, to unite with others in a mass movement which will ensure on our part a better disciplined effort, an effort much more apt to achieve the end in view.

We have always been a peaceful people. It would be irrelevant to state here the reasons for this. Let us note, however, in passing, that, having been taught from the very first to respect the clauses of the treaty which our fathers signed on our behalf, we laid down our arms, taking them up again on only two occasions, each time to defend our country against invasion. Moreover, strong in our belief, we had the utmost faith in the guarantees given us, and if on one occasion there appeared in Quebec a movement which was termed a rebellion, it is well to remember that this movement also found favour in Upper Canada and that its professed aim was the establishment of such responsible government as we enjoy to-day.

But all that is behind us, and if we now find in Quebec a striking unanimity of thought on the subject, it is due to the fact that its citizens realize how difficult their position would become should they not attempt definitely to achieve a stronger unity than ever with their fellow citizens of English descent, convinced that only in such unity will they find the means of ensuring a post-war period unmarred by quarrels and discontent, wherein we shall resume together, as better friends than in the past, our journey along the various ways that lead to the greatness of our country.

Honourable members who share with me the same traditions and the same faith, and speak the same tongue, will understand that I should now address in their own language the majority of those who very kindly do me the honour of listening to these remarks.

(Text) Honourable members, again in this year of 1940 we are called to meet and to discuss laws affecting our country, and more particularly to determine what can be done that Canada may remain a land of freedom and liberty.

May I, speaking here for the first time, admit right away that I feel greatly flattered by the honour conferred upon me of proposing this address. Yet I do not minimize the

difficulty of the task, which would perhaps have deterred me had I not felt that I could depend on the benevolence of men of great experience who now do me the favour of listening to my very humble and modest remarks.

Whatever may be the tenor of what I shall submit to your judgment, may I declare at the outset, in order to prevent misunderstanding, that I am glad of the sentiment now prevailing in my native province of Quebec. Surely every honourable senator has noticed the great difference between the feelings and attitude of Canadians of French origin in 1917 and to-day. Through better understanding, and also through a desire to study Canadian problems as such, what is now asked from my compatriots of Quebec as a necessity is regarded with the greatest moderation and the greatest calm. We, on the banks of the St. Lawrence, know that, as is acknowledged in the Prairie Provinces, Canada to-day is fighting for her existence as a nation. We know also what the fate of Quebec would be if to-morrow—but God will not permit this—England should be defeated.

Very often in the past those coming from my province were described as idealists, unable in the economic field to achieve the success others had attained. This was due to the fact that our system of education had to be accommodated to the form and quality of mentality we had to develop. We wanted to remain true to our origin, and so our educational institutions encouraged pupils to study for the professions rather than for finance, industry and commerce. But to-day we realize that we must so plan education that our youth may be better equipped to take their place in the financial, industrial and commercial activities of the Dominion.

Yet this ideal that has been developed in us dominates the young men of my people and makes them desirous of keeping unfurled a flag under which sometimes we have felt uneasy, but which is a symbol of defence and protection of the traditions to which we now and always will adhere.

Furthermore, this ideal, which has been a tower of strength for our province, makes us realize that to-day perfect unity of this country is more than ever essential. At all times, as honourable senators will admit, we have proclaimed ourselves profoundly attached not only to the province of Quebec, but also to Canada. It may well be that, moved by the words of small minorities among us, you have thought at times that our loyalty was not such as was openly declared by our public men. Yet when the day came—it was only six months ago—to prove that for Canada

Quebec has always been and will always be ready to do her full share of duty, she answered the call to the satisfaction of all those who really place Canadian patriotism above every other.

If, in the past, Quebec, proud of the prestige and influence of France, took a position which displeased some, making them believe that even politically we were inclined much more towards her than towards England, this was a profound error. But let this be forgotten. Quebec to-day has no illusions; she knows her true position, and if ever a crisis in our national life has commanded her to appeal to reason and moderation, it is the one we are passing through now.

Who will not admit that what has been going on for the last year in Europe has very materially changed our way of looking at American or Canadian security? Up to now many have believed that the ocean between an aggressor nation and our two countries was in itself such a defence that our common territory was safe from attack. But who to-day would so affirm who has read of the lightning attacks on Poland, Finland, Norway, Denmark, Belgium, Luxembourg, Holland and France? Who doubts that, dominating Europe as he does to-day, the German leader may have the ambition of one day subjecting to his power Canada, and even the United States? I might at this point refer to an article by Walter Lippman entitled "Wake Up, America!" which, if I remember correctly, appeared in the Press last September. In it he stated that no one in the United States had the right to claim the Atlantic ocean to be any longer a defence for that country. Let me ask honourable members: If the Atlantic ocean can no longer be regarded as a defence for the United States, how can it be relied on by ourselves?

And, if I may repeat, how could we be blamed when, as we know, our powerful neighbour the United States felt perfectly secure, depending, like ourselves, on the Atlantic ocean, which was considered as a national defence? But what a change in opinion has come about in face of the kind of war that Germany can and does make! Now it is acknowledged in the United States that the Atlantic ocean is no obstacle to invasion, and Americans well know that if to-morrow Germany had command of the sea—let us hope and pray the British Navy will continue in control—their tardy defence preparations would not permit them to view with serenity the future of the American continent.

But Hitler, once master of Europe, would not need even to invade this continent to reduce it to complete and entire economic dependence. Yet, perhaps his desire to affirm

a doctrine which for him has to-day, as it had at the inception of his movement, the full force of a religion, may incite him to come here and try to destroy the last great democracies that would then remain. That man would hate the continuance of a comparison between two systems: his own, based on the will of a dictator and the enslavement of his own and conquered peoples; the other, that of the United States and of this country, based on communion of ideas of millions of individuals exercising the prerogatives of free men.

Some have spoken of revolution in Europe. This may happen, but surely not while the powerful Hitler proceeds from victory to victory. The only thing to-day that can leave us some ray of hope is the magnificent attitude of the English people. Therefore we remain face to face with reality, and whatever may have been our opinions in the past, the peril of invasion is not to be lightly put aside. Hence, I repeat, it is the duty of Canadians not to hesitate to make the sacrifices our country is asking from us in our common effort to win the war. In this way we shall fulfil our greatest duty after our duty to God—to be useful to our country.

Let us therefore continue to supplement and strengthen Canadian faith. Let us respond with enthusiasm to the appeals made to us, for nothing can better satisfy our national pride than to feel that in this moment of Canada's danger we can do our duty. Let me at once reject a reasoning which has been given expression occasionally, that in case of attack we can depend on our neighbour to the south. I cannot refrain from qualifying such an attitude as unpatriotic. When we celebrate our national festivals we declare and sing that Canada is our Mother Country. Would a son have the right, when his mother is in danger, to depend on someone else to defend her, and not on his own courage and his own strength? Any passive attitude would be disloyal and would carry with it no beauty, no national sentiment, and no reason.

Without in the least desiring to create a divergence of opinion in this House, but for the sole purpose of trying to strengthen, if possible, the unity that exists, may I look into the past and try to see why at times there has been a lack of unity? In the past there have been difficulties between the two peoples composing the majority in Canada. Let us try to remember and see whether politics have not had a great deal to do with these difficulties. It seemed to some that to provoke English Canadian resentment against the province of Quebec was a happy mode

of obtaining success, ephemeral though it might be. In all sincerity I must say that such temporary success has been the cause of reaction, and sometimes worse than reaction, among my own people. But let the past be the past.

In recent years we have perhaps been astonished to see, or rather to feel, a lukewarm attitude between Great Britain and certain allies of years ago. We may also have felt that certain concessions made to Germany were detrimental to the peace of Europe, in that they allowed that nation to recuperate, to arm and to prepare for war. Other nations were marking time and trying to reimburse themselves for the big advances and loans that had been made. But here again I am speaking of what is past.

I would not and do not hesitate for one second to declare that I am to-day overwhelmed by the dazzling splendour which streams from the Crown of England, and that never in the midst of her pre-war power was England greater than she is in the turmoil of the actual defence of what is worth having and worth fighting for.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DAVID: How often, on looking at the very short communiqués that are given to us by the war ministries of England, have I imagined myself in the middle of London while German aviators were spreading fire and death. I can see familiar places, buildings and admirable monuments crumbling into ruins. But at the same time I see emerging from these ruins men and women looking up to the heavens, shedding tears perhaps, but murmuring a prayer to God that their heroism and stoicism may save not only England, Great Britain and all parts of the Commonwealth, but also the liberty of the world, that life may continue to be a bearable thing to human beings.

May I speak for a moment of that poor, desolated and crushed country, France? That country, which with yours was the glory of the world, is to-day under German domination. Her sword has been broken, but in her misery prayer remains to her. She has never ceased to address herself to God, and more than ever she will prove to the world the eternal truth that so long as an ideal remains in the heart of a people no one has the right to despair. After England has vanquished the enemy, France will one day—when, is God's secret—come back into her own and continue to illuminate the world with the radiations of her soul and her mind. This is a light that the world cannot dispense with. Poor France! She was beaten during the years preceding the first day of the war.

Politics and enmities had caused those who had had the firmness and courage to raise their voice, to speak no more. Defeatism and pessimism were the reasons attributed to the frankness of their language. There she was in all her brightness, intellectuality and beauty, slowly but surely scuttled by those whose mission it was to direct her to even greater splendour. For years the army, not only in France but in England also, was aware that new methods of winning a war—much more efficacious, dangerous and rapid—would be used; still they were thinking as in the years 1914 to 1918.

Among the intellectuals of France another disease was penetrating which caused the members of her élite to believe in the expressed desire of the master of Germany to make friends with his neighbour. Why did they not read *Mein Kampf*? Then they would never have trusted the man who declared he wanted their friendship. But what is the use of thinking and speaking of these things? They also are of the past.

But before I leave this subject, may I say that I feel absolutely certain in my soul, in my mind and in my heart, that the great majority of the masses of the people of France every night pray the God we ourselves pray, that to-morrow England will be victorious.

It is now high time that I should speak of the present, adding, maybe, a few words of what we can expect the future to be. We are now, honourable members of the Senate, by a unity of effort, re-accomplishing after a century and more what the two peoples composing the majority of Canada did in other days when Canada was in danger. The enemy of those days is our friend to-day; and of this fact Canadians must be proud and glad. We are endeavouring by sacrifices, which some at certain times have thought to be excessive, to help in the best possible manner towards a finality of the present struggle.

Looking at the world, are we not tempted to ask ourselves whether the epoch of mechanization, which apparently has done so much to alleviate and render easier the work of the everyday man, has not created a power which to-day does not attempt to better civilization, but would appear to bring humanity back to barbarism? In all corners of the world there is war. Destruction to the extent of millions of dollars is occurring every day; there are populations who can hardly nourish or clothe themselves. Still we believe we are living in a period of very high civilization.

But this, I suppose, is astray from the purpose of my remarks on the present. We have to face a situation which carries with

Hon. Mr. DAVID.

it anguish and anxiety, yet we have found in ourselves a new strength and a new power of resistance. We do know that whatever might be the riches of Canada, however great might be its financial condition, whatever its industry and private finances might be, if to-morrow defeat had to be admitted, all would be naught in the end. Would it not be fair that I should here admire the superb resignation of our Canadian citizens, who without murmur accept the sacrifices that are asked of them? Whatever may be the heroism or sacrifice of individuals, the heroism and sacrifice of the mass of the people will be necessary if we are to carry on with success the great enterprise in which we are engaged. Speaking for the province from which I come, and knowing also of the provinces from which honourable members come, I am confident that this generous common effort can be depended on.

We in the province of Quebec know that defeat would mean for us the abolition and disappearance of everything that in the past has been a source of inspiration, and in the present a reason for living. We know that religion, language, laws, traditions would be destroyed, and that all we have cherished and loved would be crushed. We know, moreover, the discouragement there would be among those who have placed all their faith in the flag which to-day, as every day, is flying on the tower of this Parliament. We know that this flag would not be seen again here; that British institutions which we have enjoyed would be encroached upon; that liberty would be destroyed, and that we should be treated, not as human beings, but as mere instruments of the State. We know that we could not depend on the respect and admiration of the conquerors, and understanding would become a useless word.

That is why, honourable senators, I make this appeal to you. In these days of trial, let us unite. Let you of English descent accept this outstretched hand of the province of Quebec, so that when better days come, when the sun of peace gives us new rays of hope, when liberty has been assured in the world, greater friends we shall be, because better friends we shall have become. And this will make for a better and greater Canada.

Hon. SALTER A. HAYDEN: Honourable senators, it is my privilege to second the Address which the honourable senator from Sorel (Hon. Mr. David) has so ably moved. At the outset I may tell you that I appreciate very much the honour which has been conferred on me, of being given the opportunity to second this Address. But I am

very conscious of the difficult position in which I have been placed by that distinguished orator from our neighbouring province who has just spoken. I can well understand how one so eloquent, not only in his own language, but also in English, should have acquired that title of distinguished orator. Difficult as my task may be, still, with your leave, I will set myself to it.

I intend to deal briefly with some of the points which appear in the Speech from the Throne. May I at the outset refer to the situation that confronted us when we last met here. You will recall that there was then a heavy burden upon us. The toppling of European countries, one after the other, before the might of Hitler, cut across our deliberations and beset our every thought and action; and at adjournment in August we were confronted with the fact that Britain was standing alone, waiting for the invasion of her shores and preparing to meet that invasion. But we know the magnificent story of the resistance she has offered to the enemy since that time. So to-day, in the light of that and other things which have happened, I say that the way to victory is less dark, the pattern of victory less obscure. The way may still be long and the task may take our last ounce of effort, but, however prolonged and exhausting it may be, we, in common with the British people, have set ourselves to it. We have set ourselves to it with all our intellect and all our industry and all our man-power, and we will not cease from that task until those forces of evil that are abroad in the world have been destroyed and the blight on our civilization has been completely removed.

Hon. SENATORS: Hear, hear.

Hon. Mr. HAYDEN: To-day in Canada our industry is vying with that of the English people. Our whole industrial life is tuning up to an ever-increasing scale of production of war materials. The Government is entitled to great praise for the manner in which the industrial activities of the country have been organized. And I think in particular it has been fortunate for Canada that we have had as the Minister in charge the Hon. Mr. Howe, whose leadership and direction have given shape to a gigantic industrial effort.

In passing may I briefly refer to the fact that on land, on sea and in the air we have made considerable progress since the Senate adjourned. Our Navy has proven its real worth, and its great expansion since the outbreak of war has enabled it to render effective service in our common necessity. In the air our Commonwealth Air Training Plan

has proceeded with remarkable speed. Our land forces are also being rapidly developed, in Canada, Britain and other places. Truly, considerable progress has been made in a military sense.

But to-night I intend rather to deal more particularly with that part of the Speech from the Throne which calls for "the fullest consideration . . . of national problems which war has served to intensify or create." Our war effort, I recognize, is without doubt the greatest single problem confronting Parliament and the people of Canada at the present time. However, certain problems which have been intensified or created by the war must be faced and dealt with at this time unless our war effort is to be hampered or even bogged down.

I may be venturing on strange ground when I talk about wheat, but I am going to have a try at it. It is a very great problem for us just now. The war has closed markets that might have survived the world-wide wave of economic nationalism. To state the figures as to wheat is to state the problem. At present we have approximately 850,000,000 bushels of wheat. Our own domestic requirements would take care of about 128,000,000 bushels, and we have storage facilities for about 425,000,000 bushels. We are taxing the capacity of our public storage facilities and also of the farmers' temporary storage facilities. So the problem has reached the acute stage. How long can we go on piling up an annual surplus of wheat in the expectation of a market after the war?

I say the wheat situation at this time is a very serious one for Canada. I do not think we have solved the problem by saying, "Yes, it is a serious situation, and something must be done about it." Nor do we help the farmer by telling him to grow less wheat, to restrict his acreage. What else can he grow that would give him purchasing power? If the Western farmer were to grow for his own needs only, then his purchasing power would be so lessened that all the East and industrial Canada would suffer in consequence. And if he were to grow other agricultural products he would come directly into competition with the agriculture of the East. That is not desirable, either, for whatever we do we must not put the East and West economy out of balance by decreasing the farmer's purchasing power or by placing him in competition with Eastern producers. Yet we are faced with the fact of a growing wheat surplus.

The Government embarked on considerable expenditures to pay for the wheat and its storage, although no market is in sight.

It is a serious matter. Last year we dealt with it in a patch-quilt kind of way by making a direct levy for the purpose of defraying part of the cost. In ten months' time we shall have another crop on our hands. Where are we going to store it?

For some years Australia has had a similar problem in connection with sugar cane. I think the crop this year is about 900,000 tons. One state, Queensland, has attempted to solve the problem by passing legislation providing that power alcohol developed from molasses must be blended in a fixed percentage with all petrol sold in that state. I think I can say in passing that Queensland has shown the only way in which alcohol and gasoline may safely be blended, namely, to put both into the fuel tank. Other countries, such as Brazil, the Philippines and Cuba, have been faced with the problem of a surplus production of this particular commodity, which is so important to the life of their people, and they too have used their surplus sugar cane for the manufacture of power alcohol.

In September of this year the Commonwealth of Australia appointed a committee of inquiry whose instructions were, in part, as follows:

To inquire into and report upon the utilization of farm and/or agricultural products for increased production of power alcohol with particular reference to . . . particular circumstances of the wheat, sugar and other industries connected with the production of commodities used in the manufacture of power alcohol.

Now, I am not suggesting that we should deal with our surplus wheat by converting it into power alcohol, for, in the first place, I am not a scientist nor a chemist, nor do I know whether the cost of such conversion would be economically justifiable. I fancy that the Government has given some consideration to this problem. Whatever the situation may be, I think that in dealing with our surplus wheat we have reached the stage where we have to face this reality: we cannot go on year after year establishing additional distress storage to take care of the surplus production. Therefore at this time it is of vital concern to Canada that we inquire thoroughly and exhaustively into whatever possible utilization there may be for this product if we cannot sell it as wheat. I commend most seriously to the immediate consideration of the Government the problem of the possible utilization of this surplus product.

The second problem which I intend to discuss very briefly to-night, and as to which I desire to congratulate the Government, relates to its dealing with labour and its

Hon. Mr. HAYDEN.

recent Order in Council. So that there may be no misunderstanding in case I cannot recollect the exact words to define my attitude in this regard, I shall rather closely follow my notes.

Recently, as honourable members will have noticed, the Government passed an Order in Council providing for the creation of an interdepartmental board and prescribing substantial penalties as deterrents against the so-called enticement or poaching of labour in the field of war industry. These are the first steps taken by the Government towards dealing with a problem of extreme and increasing gravity. In effect its object is to prevent the movement of labour under a practice by which the highest bidder gets the man. Inevitably this practice leads to increased production costs and marks the road to inflation. Production for war purposes must proceed expeditiously, and costs must not be made excessive. Discipline in war industry should surely include labour as well as every other contributor.

Such regulation or discipline is essential if war production is to be done efficiently and at reasonable cost. The supply of labour and its most efficient employment are the twin needs of war industry and the country to-day. Some war industry cannot be expected to pioneer in training men to work efficiently, only to find that its trained men are taken by another industry coming into the field at a later time. It is unfair that one industry should be made the constant training-ground from which other industry draws its trained staff by poaching or enticement. I think it is fit and proper that the penalties provided for in this Order in Council should deal severely with the tempter, the employer, rather than with the workman, who, after all, shows only a very human weakness in going to the job that offers him higher pay.

But in my opinion this regulation must go further and must encompass our whole industrial production. The tendency to higher wages is now clearly apparent. The peril inherent in this labour situation, unless closely regulated by the State in co-operation with worker and employer, is that it must inevitably lead to higher costs and inflation. One begets the other. In the futile chase of wages and prices, like the pussy cat chasing its tail, there develops the vicious spiral of inflation. No one really benefits. The wage earner never catches up with the rising prices and is always discontented, business is upset, and relapse and depression follow as an inevitable consequence.

The struggle in which we are engaged is the common cause of all our people. Labour must and will do its part. Bottlenecks in

skilled labour, under a proper system of control, need no more lead to higher wage costs in these times than bottlenecks in commodity production need lead to higher commodity prices. The War-time Prices and Trade Board has in many cases regulated prices of essential commodities. Excess profits taxes are designed to prevent inordinate profits out of our national necessity. Wages are subject to no control but strike or lockout and the law of supply and demand. Unreasonable wage increases without some regulation, fair but firm, are bound to break down this governmental control and price-pegging which we have set up, and they will operate to the injury of the worker and inevitably lead to economic chaos. The Government is so much in business to-day in war production that, directly or indirectly, it bears the brunt of all wage increases under its contracts with industry; which means an additional burden upon the taxpayer. I am not advocating any standardization of wages. I realize that is impracticable. I am advocating Government regulation with the co-operation of the interested parties. I suggest that in this emergency the Government make this labour regulation wise, but complete. Labour's obligation to the State in war-time is no less definite than the obligation of the employer, or the soldier in the field, the taxpayer or industry. Their respective energies are all directed down a common road to a common goal.

In view of the approaching conference between the federal and provincial governments, I want to refer briefly to Dominion-provincial relations. I do not intend to weary the House with references to the report of the Sirois commission. I start with the principle that financial solidarity is essential if our war effort is to be continued, and at an increasing pace. The war requires large sums of money, which can come only out of the earnings and savings of the people of Canada, and I think the more governments you have tapping the sources, the less there is for the federal authority. If the recommendations of the royal commission which studied the problems of Dominion-provincial relations can accomplish this solidarity, and if by putting into effect those recommendations more and more of the national income and control of the national purse will be left to the Federal Government, then, in my opinion, the conference is a very important one and its deliberations ought to be assisted as much as possible.

I am sure it is obvious that our Constitution, as interpreted by the courts, has in many aspects become outmoded. The spectacle of nine provinces operating all the machinery

of a national government within the respective provincial limits and competing in many services and in taxation with the federal authority, is no credit to our political genius, and undoubtedly reveals a weakness in our constitutional structure.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAYDEN: We cannot at this time afford to have our country's credit impaired by any possible provincial default. We cannot afford not to remove strains and stresses where they exist in our constitutional structure, to the end that our national unity may become a greater and greater reality.

The Sirois report has provided a real basis of approach to this problem. The time is most opportune for the proposed conference. A Canadian viewpoint should characterize all its deliberations. Certainly a solution of the difficulties dealt with by the recommendations will be welcome to the over-burdened taxpayer, of benefit to industry in relief from multitudinous provincial taxation, and really encouraging to business expansion. The Prime Minister is therefore to be commended for urging attention to this problem at the present time and arranging for such a conference. I trust that its deliberations will be thorough, but swift. I also trust that any agreement reached may be such as to lead to greater unity and solidarity in Canada.

In closing, I wish to refer to just one more point—the pronouncements which succeeded the adjournment of this House last session, relating to conferences by the Canadian Government and our Prime Minister with the United States authorities. As will be recalled, these conferences led to the creation of a Defence Board and the establishment of naval and air bases for the protection of this continent. I think that in a particular way the Canadian Government and the Prime Minister of Canada have made a great contribution to the cause for which we are struggling at this time—

An Hon. SENATOR: Hear, hear.

Hon. Mr. HAYDEN: —by the manner in which American thought and British thought were brought together into a common bond of understanding and friendship. As a result followed transactions involving the leasing of naval and air bases at strategical points in the Atlantic and the transfer of fifty United States destroyers to the British and Canadian governments. Those are instances of the great spirit of co-operation which now exists between Canada and the United States, and the United States and Britain. I think our Prime Minister and the Canadian Government have been mainly responsible for

the development of that spirit, and I say the warmest commendation should go to them for the great work which they have so well done.

On motion of Hon. Mr. Ballantyne, the debate was adjourned.

EMERGENCY SITTINGS

CALLING OF SENATORS DURING ADJOURNMENT—NOTICE OF MOTION

Hon. RAOUL DANDURAND: Honourable senators, I intended to move this resolution this evening, but as the right honourable leader of the other side (Right Hon. Mr. Meighen) is not present, I will present it as a notice of motion:

It is moved by Hon. Mr. Dandurand, seconded by Right Hon. Mr. Meighen, that for the duration of the present session of Parliament, should an emergency arise during any adjournment of the Senate which would in the opinion of the Speaker warrant that the Senate meet prior to the time set forth in the motion for such adjournment, the Honourable the Speaker be authorized to notify honourable senators at their addresses as registered with the Clerk of the Senate to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

This resolution is on the same lines as that which this Chamber adopted unanimously last session. My right honourable friend has expressed his willingness to second the resolution.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Wednesday, November 13, 1940.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE GOVERNOR GENERAL'S SPEECH ADDRESS IN REPLY

The Senate resumed from yesterday the consideration of His Excellency the Governor General's speech at the opening of the session, and the motion of Hon. Mr. David for an Address in reply thereto.

Right Hon. ARTHUR MEIGHEN: Honourable members, it is fitting at this time that reference be made to the universal feeling of sympathy in Canada for the family of the late Prime Minister of Great Britain, the Honourable Neville Chamberlain. I am not one of those who felt it their duty to

Hon. Mr. HAYDEN.

criticize Neville Chamberlain in relation to those major features of policy which brought upon him severe rebuke at home, where it was quite legitimate, and in other lands, including our own, where it was less legitimate; rebuke and derision which, I fear, resulted in undermining of that confidence in British might and British honour which was so vital to us at the time. I recognized in him, as I feel all or nearly all do now, a typical Englishman in every fibre; a man of stern rectitude and elevation of character, and as well a man of marked ability, particularly in the world of business. I recognized in him a man who by hard toil achieved much indeed, and who suffered unjustly and cruelly, mainly at the hands of those whose policies of the past had made imperative that step the taking of which was ultimately to bring upon him severe castigation, and dethronement from his high place in Britain.

While we lament his passing and the undoubted suffering of body and mind which he endured, we all, I am sure, with one accord welcome as his successor Right Honourable Winston Churchill. I cannot by any stretch of aspiration claim to be Mr. Churchill's personal friend, but for a quarter of a century I have been his ardent admirer. In the dark days of Gallipoli I defended him and his momentous proposal. There is throughout the world now a sentiment very different from what greeted him at that time. Through all the vicissitudes of one of the fullest and most abundant careers that men have ever carved out for themselves, I have looked with hope to the prospect of his reaching the pinnacle; indeed have never been able to understand how a government of his own party or any national government could ever justify leaving him out of its councils. To-day he is the leader of the British Empire, he is the leader of civilization, and, so far as any one man can hold the title, he is the hope of the world.

I mention next the pleasure which we all feel at the recovery of the honourable leader of this House (Hon. Mr. Dandurand)—

Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: —from a rather serious illness which befell him in the autumn. His rugged strength and abounding vitality have triumphed again, and I know it is to the advantage of Canada that he is with us once more.

Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: I regret that temporary absence last evening prevented my hearing the mover and the seconder of the

Address, consideration of which is now before us. This regret I felt all the more on reading their speeches to-day. I congratulate first the seconder of the Address (Hon. Mr. Hayden) upon the very practical and, I think, on the whole, wise consideration he is giving to affairs of high domestic importance at this time. I think he has possibly been misled by none too accurate statements of the Press, and otherwise, in certain of his conclusions as to our war effort, but on the whole his speech was a credit to himself and one that this House will remember.

But I come particularly, with pride as a Canadian, to the address delivered by the honourable senator from Sorel (Hon. Mr. David). I read it to-day with admiration and with personal joy. The hand which he extends from the province of Quebec I should like to grasp; and I doubt whether there is anybody in that province with higher authority to extend that hand. I well recall his distinguished father, once a member of this House, as he was in the habit of listening at his place in the Commons gallery, to some of us with more or less impatience, but to his political idol always with pride; and I am sure that father would have been proud to hear his son's speech of yesterday.

I thank the honourable senator as a citizen of this Empire and of Canada for the just appreciation and splendid comprehension which he evidenced towards the might, the majesty and the honour of Britain—towards the service she is rendering mankind at this awful hour. I follow him without reservation in the picture he has drawn of that other Motherland of Canada, France, and ardently I join in his hope that the resurrection of that nation may not be far away, and that the world may again be blessed with her contribution to its culture and to its wealth.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: If I make one reference to a mere passing phase of his speech, I do so for the purpose, the sincere purpose, of explanation, and in no spirit of recrimination whatsoever. I hope he will believe me when I say that there is nothing I have more anxiously sought in my public life, or more persistently sought, even though in vain, than the confidence of the province of Quebec. He calls attention to the schism which arose in 1917, and contrasts that situation with the absence of serious schism, certainly of serious racial schism, to-day. The contrast I quite admit. That schism arose over the belief, as conscientious a belief as ever men held, a belief reached with as great reluctance as ever characterized the approach to any conclusion, that the time had come when there was but

one means of maintaining our forces at the scene of war adequate or nearly adequate to Canada's strength and her honourable part in victory. I ask him to reflect that if the facts had not been present to warrant our conclusion, it is unlikely that a very large section of those who opposed us throughout the struggle, and who had opposed us throughout our political history, would have been not only of one mind with us on the issue, but, if anything, more insistent on effective action than ourselves. I do not think Canada even to-day realizes the position we were in. Our ranks overseas were depleted to a perilous, one might almost say a shameful, degree. All the arts and all the contrivances to add to the results by voluntary response to our appeal had been adopted and had failed. We had virtually either to acquiesce in the abandonment of our gallant army or else to bring them by compulsion the necessary aid and face the consequences of such schism as might ensue.

It is said that very few reinforcements reached them under conscription. Of those who had been compulsorily enrolled, the number who actually got to the fighting line was not large. Had the war lasted three, four or five months longer, it would have been very large. The number, however, who reached those depleted ranks under the shadow of conscription was gratifying to a high degree. Regiments reduced, some of them over half, some indeed almost to extinction, were restored to strength. But a few months ago I spoke to one who had been in command. He told me of the gallant record of his own unit—but sixty-five men left. Before one man reached them under the Military Service Act the whole regiment, just because that Act was passed, or certain to be passed, was brought up to strength. Thus Canada marched abreast of the other nations of this Empire and with her allies, ranging the decisive forces at the decisive point, and the world was saved.

The honourable senator from Sorel feels somewhat happy at the fact that we have had to resort to no such means in this war. My only suggestion to him is this. Do not be premature; do not seek to forge the future too far ahead. We learned last night that the numbers of all the men out of Canada are, I think, fifty-two thousand. We have had very few casualties, almost none. Had our overseas forces in this struggle encountered the casualties which we suffered in the same period of time in the last war, there would be a great many less of those soldiers overseas to-day. We are not through with this struggle yet. A long, I fear a dark, and certainly a very hazardous road lies ahead. Without

resort to any compulsion at all we sent in the last war four, five or six times the number we have sent in this. By the compulsory plan we augmented our efforts. There is not a human being in Canada who dare say or dare think we cannot by any possibility reach the same pass again.

The voluntary system, for a while anyway, prevents schism, the schism we pay quite a lot to avoid; but withal it is most unjust, cruelly unjust, and every one of us knows it. We cannot look forward to conditions which will ensure its permanency to the end of this war. We might like to, but we cannot. We do not know. The vision of man is short, but the range of events is long, and I ask that so sincere and honest-minded a man as the honourable senator from Sorel (Hon. Mr. David) should not feel in his heart too strongly, too bitterly, towards those who sustained the responsibility and endured the heart-breaking pangs of the last months of the last Great War.

We are meeting now to study, nominally at least, the Speech from the Throne. There is little in it that can be the subject of study. It is true that while it does not foreshadow legislation, though to do so is the historic function of a Speech from the Throne, it opens the door to discussion, which, if proper information is not withheld, is a vital and ought to be a valuable feature of Parliament's being. I know—surely I ought to know—that in times of war governments must have huge and extraordinary powers. I know that we had such powers in the last conflict and that we exercised them; but we sought to exercise them only to the extent which was essential because of emergencies between sessions, or, in the event of an absolutely quick decision being required on a matter not of first-ranking consequence, during the session itself. We did not exercise them as such powers are being exercised to-day. As they are being exercised to-day, Parliament is little better than a mockery.

I wonder what will be before us for review. It will be so little that it would have looked insignificant, and probably cynical, to put it into the Speech from the Throne. But does that mean that important things are not being done, that policies of tremendous moment are not being adopted? It does not. There never was a time when matters more fit for the consideration of Parliament were being dealt with; matters to which parliamentary consideration is peculiarly essential.

May I give but one example? I read yesterday a quotation from a speech made by Mr. Brockington, whom the Prime Minister

Right Hon. Mr. MEIGHEN.

describes as his adviser, and who, I fancy, is even of more importance than an adviser. The speech was delivered in Philadelphia on September 12, and from it I read the following paragraph:

A few weeks ago the idealism of our two people—

Canada and the United States—

—met the realism of our two governments. They met in a pact between your country and mine, by which you agree to defend us in certain eventualities, and we agree to defend you.

I should like to ask the leader of the Government whether that is true. Has Canada entered into an agreement or pact with the United States to defend that country in certain eventualities? Has the United States entered into a corresponding agreement with us? These are the words of the spokesman of the Prime Minister. I am not discussing the merits or the wisdom of such an agreement. I know, however, that for long years our Prime Minister boasted of being successful in avoiding any similar commitment with Great Britain. I want to know, has he undertaken an international pact, with heavy obligations, behind the back of Parliament, without even so much as a submission of it to the representatives of the people of Canada. Apparently he has. Sometimes, I know, this Ogdensburg performance is pictured as of relatively small consequence, not warranting consideration by the Parliament of Canada at all; as providing for just staff talks between experts as to what to do in certain vicissitudes of attack; staff talks like those which very frequently occur between nations with similar defensive purposes. If the arrangement is such and no more, it is strange that it is elevated to the dignity of a pact; strange that a spokesman for the Prime Minister should say it is an agreement placing heavy responsibilities on us. If it is only an arrangement for staff talks, why was it attended with all the suits and trappings of photography and publicity, with a showman on one side and a showman on the other, and photographers in between, and heralded as a great consummation? If it is, on the contrary, what Mr. Brockington describes it to be, then the ignoring of Parliament can never be forgiven, and especially the failure to submit the agreement to Parliament. If it is the other, lesser thing, then the publicity is wholly out of place. In fact, the less publicity the better.

Hon. Mr. DANDURAND: Would my right honourable friend consider discussing this matter from the point of view of the statements made by the Prime Minister himself?

Right Hon. Mr. MEIGHEN: I have read them and I am discussing this matter from that point of view to-day.

Hon. Mr. DANDURAND: My right honourable friend is discussing what was said by a gentleman who made a speech in Philadelphia some time ago. But the Prime Minister spoke for an hour and a half yesterday.

Right Hon. Mr. MEIGHEN: Very well. I am discussing the matter as it has been understood in Canada, as it has been represented by the Press time and time again. Those words of Mr. Brockington's have never been repudiated. I want to know what the truth is.

Hon. Mr. DANDURAND: My right honourable friend has read Colonel Biggar's statement on this matter?

Right Hon. Mr. MEIGHEN: I have read a lot from Colonel Biggar. I have read reports of interviews given by this Joint Commission on Defence. They fly to this coast and that. They look at harbours and aerodromes on the Atlantic, and in the evening that master of publicity, Mr. LaGuardia, gives a statement: "You do not need to fear anything here in the province of Nova Scotia. We will see to your defence. We are going to make proposals, and indeed we have them formulated now, under which no enemy can set foot on your shores." And Colonel Biggar adds, in much more modest terms, "We have had a successful day." What twilight twittering this is! We are to be defended by the work of a Joint Commission! There is one thing, and only one, as you can read in the speech of the honourable senator from Sorel (Hon. Mr. David), which can ever defend this continent until such time as the American Navy is double and the American Air Force fifty times what they are to-day, and that is the British Fleet.

All this inspecting of aerodromes and harbours on the Atlantic coast and the putting up of some guns on the Pacific, and Mr. LaGuardia's speeches, I do not know how to describe, but I do know the effect is to induce our people to hide and seek refuge under a delusion, to turn their eyes from unpleasant and forbidding truths. Of what value would these local defences be if the British Fleet should lose control of the Atlantic? Of what value would be any defence produced by the thirty days' training of the 30,000 or 300,000 men here, if the British Fleet went down? If Britain falls, at least before our strength—not our speeches, but our strength—on this continent is multi-

plied, and that means many years hence, our fate is settled. No man can grasp the logical inference even from the speeches of Mr. Roosevelt and come to any other conclusion. However hampered Mr. Roosevelt may be, that fact he knows. I do not take any refuge under the newspaper interviews of Mr. LaGuardia or Colonel Biggar. I know where our defence is, as we all know. And we know where the decisive theatres of this war are, and that not one of them is in Canada.

Hon. Mr. DANDURAND: We all know that.

Right Hon. Mr. MEIGHEN: Surely we know it. Then why make these statements to delude our people?

I come now to the main matter of what I rose to discuss. What I fear is that we are not directing our efforts to the essential, vital end. I fear we are dissipating our efforts and our substance in activities which appear fine and are popular, but which will never win this war. If the history of national conflicts has taught us anything it is that there is only one way to win a war, and that is by having the decisive forces at the decisive point at the decisive time. Are we contributing to that only way of achieving victory by sending to the actual theatres somewhat less than 50,000 men? The theatres are not in the West Indies, nor in Newfoundland. At some time one of the theatres may be in Iceland. Others may develop; possibly the next one will be in Palestine. But just now the great theatres are in Britain, Greece and the Middle East. There is where the war will be won or lost. There is where our fate will be decided. And what have we there? We have two divisions abroad. The number of our men overseas is 52,000, but, so far as I know, they are in none of the actual theatres I have mentioned, save in England. That is not a very ponderous force for this Dominion. I do not think that the focusing of that relatively small army in the real theatres, and the gathering here of many thousands of men one-half or one-quarter or one-tenth trained, and the stationing of a division on the Pacific and another on the Atlantic, and all the rest of our activity under what we call home defence, are doing justice to Canada's power to win.

In emphasizing that victory overseas is vital, I cannot refrain from reading words addressed a few days ago to the people of the United States by the late Prime Minister of Poland:

Britain is suffering terribly, and while she is bloody she has no friends, or no friends who are strong enough, or bold enough, to offer her help.

Without Britain the world will be a monstrous and dark place in which to live.

I have fled here for sanctuary because only here and in besieged England, or the places controlled by England, is such sanctuary possible. My own nation of Poland is being systematically exterminated by brutes.

Do not be deceived.

Let these words ring through Canada.

Do not be deceived. Do not think you can escape because you are far away. If Britain dies, so dies America. Perhaps mine is an old, small voice in the wilderness, but its message is a vital message. Help Britain, help Britain now, help Britain with all you have.

Someone may ask: Are we to do nothing about home defence? I do not say that. But I read the Prime Minister's speech, where he says that at Imperial conferences, dating from twenty years ago, it was agreed that each Dominion would prepare its own defence, and after that would give all the help it could spare to Britain. And this, he says, is what we are doing. Now, in all sincerity I say, let us forget the resolutions of peacetime Imperial conferences. By making certain preparations at home you may be able to do something against a sporadic attack, here in Canada, but even a sporadic attack of any importance is most unlikely in the present war, because if one of any importance were made on us it would in all probability bring in the United States. Of Australia a similar thing would not be true. All these scores of thousands of men who are being trained or half trained—some of them, I fear, to be hot-house soldiers, because of the way they are treated in those thirty-day camps—these men would not be useful against sporadic attack, even if it came. No invasion can come while Britain lives. That performance is a waste of money, of substance and of human energy. The object to which our every effort should be directed is as plain as the sun in heaven: to build up and train an army of men on land, in the air and on the sea, and send them to the theatres of war so equipped that they will be able to win.

I hope I shall be believed when I say that nobody would rejoice more than I if there were a veering from the direction in which we are now moving. If the United States feel that on account of public opinion in their country they cannot enter the conflict, that is their own affair, though it may some day lead to their destruction. They seek to gather the great proportion of their forces behind the lines at home. To the extent that we take of our substance to build fortresses on our shores and to hold our men in Canada, we are certainly fitting into the pattern of American defence. Yet we should know, and we do know, that if Britain falls we fall, and

Right Hon. Mr. MEIGHEN.

that at present we are not contributing as we should to that victory which alone can save our nation and our lives. From the selfish standpoint of Canada, our business now is to pattern our policy into the British effort, and, to the utmost of our strength, make certain of Britain's victory in this conflict. Those words uttered so eloquently by the honourable senator from Sorel (Hon. Mr. David) embody an immortal truth. I beg this House and the Government to act in the light of that truth, even if, as I do not believe likely, it becomes necessary to face some local schisms. And if any in this country in the party I belong to are instrumental in digging up those schisms, I will oppose them and support the Government.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: Let us do what is of vital importance to this country. We can take care of schisms here, and nobody will help more than I. The honourable senator from Sorel pleaded eloquently for union—union of heart and union of effort. Of his sincerity I have not a shadow of doubt, and I will help to bring about this every time I can. But I do put into his mind this thought, which comes to me every hour: Would union not be better achieved in this nation if the Dominion Government itself represented that union and thus enabled all Canadians loyally to express themselves within its compass and contribute to its efficiency and its success?

We are spending uncounted millions on this much tooted training scheme for home defence. I have been told, and I think some figures were given in the other Chamber to show, that up to now, including structures for all these camps, the cost has been approximately \$35,000,000 to \$45,000,000. We have taken from the ranks of skilled labour and other labour men essential to the industrial contribution of this country. We are getting little or nothing for this sacrifice. Centre on building up men to send to the theatres where the conflict is going to be decided, and centre on keeping men at their posts to build the machines to enable others to live and to win. That should be the policy of Canada.

Under this rather enticing title of home defence we are, I am afraid, committing a grave and momentous sin. Home defence, so called, originates in selfishness. It is blind to truth; it is distinguished by insularity and not by foresight; it seeks to pass behind and shrink from realities that are unhappy and forbidding, but are overwhelming all the same. The spirit that dominated the policy of Belgium, of Holland and of Norway is the spirit behind home defence appeals in Canada.

I fear it is the spirit which too far controls the policy of this continent; and if the day comes—no, if the night comes, the eternal night when the world crashes into ruin, it will be just because that spirit and that policy prevailed too long.

The importance of this overshadows all other matters. I had intended turning to the subject of our country's contribution in the way of mechanisms of war, but for the present I refrain. The time will come when this subject, which is of great importance, though still of lesser importance, can be discussed. But I cannot agree that we are doing our part; I cannot agree that we have used good judgment and forethought. One reason, I think, is that we have been mesmerized and chloroformed by this popular appeal about home defence, and have kept the main, the life-or-death, objective shut away from our minds; and if we keep the main objective shut away, we shall not take steps direct and certain to reach that supreme culmination. Therefore, for a policy which alone can save us I make my single appeal.

Hon. RAOUL DANDURAND: Honourable senators, my right honourable friend (Right Hon. Mr. Meighen) has alluded to the departure of a statesman of world renown, Right Honourable Neville Chamberlain, who for a number of years was Prime Minister of Great Britain. As my right honourable friend has said, Mr. Chamberlain was a typical Englishman, a gentleman whose word was gold, who had been brought up in a school that was incapable of making false statements to the public and especially to foreign nations. Mr. Chamberlain fell because of his very nature, his temperament. He could not conceive that the representative of a great nation would enter into an agreement with other nations with the intention of breaking it next day. He could not conceive that Herr Hitler, although he had often acted contrary to his undertakings, would, on meeting the Prime Minister of Great Britain, show that he did not care for his own reputation and intended to break his word. The Munich conference showed Herr Hitler and Signor Mussolini in their true colours. They went to it with the idea of entrapping the representatives of Great Britain and France by assuring them that Czechoslovakia's independence would be respected.

Mr. Chamberlain was a public man who did honour to his country. He attained the premiership of Great Britain through his devotion to public life. He was mayor of Birmingham, and his experience as an outstanding business man was of great value to him when he became Chancellor of the Exchequer. We were all sorry to see that

treachery of the representatives of Germany and Italy had brought about his political downfall and virtually was the cause of his demise.

I knew his brother, Sir Austen, very well. I had not the advantage of knowing his father, Right Honourable Joseph Chamberlain. The trio represented an important element in the public life of Great Britain.

I join with the right honourable leader opposite in expressing sympathy with Mr. Chamberlain's family.

My right honourable friend has referred in laudatory terms to the speeches made yesterday by my friend the honourable senator from Sorel (Hon. Mr. David) and my friend from Toronto (Hon. Mr. Hayden). We were most happy to hear them, because they brought to this Chamber ideas in which we are interested. The honourable gentleman from Sorel has had a brilliant career in his province. He was Provincial Secretary for a number of years and did valuable work as Minister of Education. In this capacity he looked beyond his province and instituted a number of scholarships abroad to help our young men to advance in higher studies. We are glad to have him among us. It was for a number of years my privilege to sit beside his worthy father, whom I can now see enjoying the days that he passed among his colleagues, and by the side of his old friend Senator Béique. Yesterday was the first time I heard the honourable gentleman from Toronto. I was very much interested in the constructive suggestions he made concerning the administration of national affairs, and I am sure that the Ministers responsible for settling some of the questions which he discussed will take note of his remarks. I think we feel that these two gentlemen are important acquisitions to this Chamber.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: My right honourable friend (Right Hon. Mr. Meighen) has been so kind as to refer to a brief illness that I suffered during the holidays. I had occasion to thank him for a very sympathetic letter which he then sent to me, asking me to take care of myself and to rest, oblivious of the turmoil of political life, and concern myself purely and simply with recovery of my health. I thank him for what he has just said. I am not sure of the days that are left to one who is entering his eightieth year, but I intend to carry on to the best of my ability.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: There is one word I should like to utter as I answer my right honourable friend, in order that it may

go to him and to other members of this Chamber without delay. I know that he feels strongly about the necessity of our doing our utmost to win the war. He thinks that the work we are doing for home defence is valueless because it will be worthless if Great Britain falls. He even goes to the point of thinking that our association with the United States through the Ogdensburg meeting is very little in Canada's interest. He does not see how the United States and Canada together, or the United States and Canada separately, could stand before a victorious Germany should Great Britain have to abandon command of the seas. Well, I desire to tell him that the present Government is doing all that can be expected of Canada by the military and political authorities of Great Britain. I say this without any reservation. Canada is making its best effort to help Great Britain where Great Britain needs our help most.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: As I am quite sure my right honourable friend is aware, Great Britain wants to become dominant in the air and to retain dominion of the seas. These are the two important areas or fields where Great Britain needs our help. I may tell my right honourable friend that Canada's effort to support the Mother Country in the air and on the sea is commended throughout Great Britain. This being so, how can my right honourable friend despair of Canada playing its proper role on the field of battle?

Right Hon. Mr. MEIGHEN: Would my honourable friend permit me? If we deny to the British Government and the British people, as we do, the right to criticize Canada's policy and performance, how can we make a virtue of their not criticizing?

Hon. Mr. DANDURAND: I do not see any point in the affirmation that we criticize Great Britain.

Right Hon. Mr. MEIGHEN: I did not say that. We as a nation deny to Great Britain, its Government or its people, the right to criticize our policy or to complain of our effort. Time and again members of the Administration, and even individuals who were not members of it, have been rebuked for trying to do so. If we deny them that privilege—and I do not say we are wrong in denying it—how then can we make a virtue of our freedom from criticism?

Hon. Mr. DANDURAND: I confess that I cannot quite see my right honourable friend's point. All I want to tell him is that the authorities in Great Britain know

Hon. Mr. DANDURAND.

that Canada is ready to answer the call and to help Great Britain wherever she can. Mr. Gardiner has just come back from Great Britain. He has told us of the situation as it was explained to him. Mr. Ralston, the Minister of National Defence, is leaving this week to confer with the British authorities, and to find out exactly what more we can do to further the cause. I am quite sure that Great Britain just now is not asking for any men to help fill the ranks or increase our man-power on the other side. It may do so later on, but now it asks only that we help as we are doing—and we are helping to the full. Why should my right honourable friend think that the Government is somewhat backward in helping the cause? We have devoted to it all the strength of the country. We know what are the needs of Great Britain, and it is because Great Britain is in contact with the Government at Ottawa that we feel secure in the efforts we are making.

Now, let there be no misunderstanding on this point. If we are not sending more soldiers overseas it is because Great Britain is not asking for them and does not want them. If we are working and spending hundreds of millions on the development of our air force, it is because Great Britain is vitally interested in that work. If we develop our naval force, that also is because Great Britain desires it, and because it is quite natural that we should do so from a sense of duty. We have fifty or sixty thousand men on the other side. How can my right honourable friend say there should be twice that number? My right honourable friend knows better.

Right Hon. Mr. MEIGHEN: How many has Australia?

Hon. Mr. DANDURAND: I shall go into the details in a moment.

Great Britain feels quite happy at the help Canada is giving her, and to-day does not ask for men to fill up the ranks. In the other two branches she is receiving considerable help. To give my right honourable friend an idea of what is felt by one who is just back from Great Britain, I will read a statement by Air Marshal Bishop. It is quite enthusiastic, and when I put it beside the words of my right honourable friend, he will see that his pessimism is not shared by the men of action who are interested in helping Great Britain. Here is what Air Marshal Bishop says:

So I have come back having seen the people of this great nation fighting for very life over their own soil, determined that not one inch of that beloved land shall ever belong to an invader.

They are counting on us. They are holding on, knowing that the fullest support in every possible way will come from us to them. To them the picture is that the Empire is on the march. They know that we are with them through and through.

They count on our pilots and air crews to help them hold that land, and they know that in our schools in Canada, on our spreading air fields is the spirit of boundless vitality, of unquenchable eagerness not to be left out of the great fight for a great cause.

A quarter of a century ago it was the privilege of many of us to go to Britain to help in a great conflict, to do our humble best towards victory. To-day we are in the heart of a still greater conflict, and, having so recently seen them in action, it is with the most intense admiration, with the most profound pride, that I salute the matchless splendour of our young airmen of to-day—who through challenge and combat hold grimly and relentlessly the captaincy of the clouds that roll over Britain.

Twenty-five years ago we had difficult and unequal fighting in the skies, but twenty-two years ago we drove the pirate Huns out of the skies of Europe. We did it then and we will do it again.

May I repeat myself—the Empire is on the march. We are all together, and, as the months roll by, trained pilots and air crews in their thousands will proceed to the other side to do once again what their forebears did before—blaze the trail of combat and of conquest with Britain beside them, fighting together until the last Messerschmitt fades away and the sound of Dorniers and Heinkels is no longer heard in the land.

The British Commonwealth Air Training Plan is a great success. It was a great conception that will be a magnificent contribution to ultimate victory. A steady flow of pilots, air observers, wireless operators, air gunners has already begun its course from Canada to the other side. That stream of reinforcements, all splendidly trained, will increase from week to week.

It is my definite and sincere belief that the results of this Empire Air Training Plan may well prove to be the most vital factor in our victory. There is no question in my mind—Germany will not be able to produce the quality of air personnel capable of meeting without defeat such as we shall send forth.

Air Marshal Bishop has seen examples of the courage of our men in England, and as to their quality he says the men of to-day are worthy of their predecessors of 1914-1918.

Right Hon. Mr. MEIGHEN: I quite agree with him.

Hon. Mr. DANDURAND: Here is a scheme by which thousands of young men are being trained under Canadian and British officers for the Royal Air Force and the Royal Canadian Air Force. These men are leaving our shores regularly for Great Britain. This is help and comfort to Great Britain. This is our most vital and most important contribution in this war. Yet my right honourable friend sees only the clouds around him and fails to see the bright spots in our

performance. What we have done has surprised the United States and Great Britain; and what we are doing now we shall continue to do, increasingly, from month to month.

My right honourable friend has spoken of the Ogdensburg agreement. He has asked whether there is a pact. Well, the pact is contained in the communiqué of President Roosevelt to the Prime Minister of Canada. These are the terms of the agreement:

The Prime Minister and the President have discussed the mutual problems of defence in relation to the safety of Canada and the United States.

It has been agreed that a Permanent Joint Board on Defence shall be set up at once by the two countries.

This Permanent Joint Board on Defence shall commence immediate studies relating to sea, land and air problems, including personnel and material.

It will consider in the broad sense the defence of the north half of the western hemisphere.

The Permanent Joint Board on Defence will consist of four or five members from each country, most of them from the services. It will meet shortly.

Right Hon. Mr. MEIGHEN: That is not what Mr. Brockington said.

Hon. Mr. DANDURAND: I am surprised that my right honourable friend should prefer the statement of Mr. Brockington to that of the Government of Canada. The right honourable gentleman goes to Philadelphia to try to make a point against the Government.

Right Hon. Mr. MEIGHEN: I did not go to Philadelphia.

Hon. Mr. DANDURAND: No, but the right honourable gentleman read a dispatch from Philadelphia.

I told my right honourable friend that the Prime Minister spoke in the House of Commons last night. What he said appeared in Hansard this morning, and the right honourable gentleman should know all about the Ogdensburg agreement.

I continue. The Ogdensburg agreement was reached on August 17, and the joint statement setting forth its terms was issued on the following day. On August 20, Mr. Churchill announced in the British House of Commons the decision of the British Government "spontaneously and without being asked or offered any inducement" to offer the United States sites for naval and air bases in the British possessions in the western hemisphere. I should like particularly to draw the attention of the House to one sentence of Mr. Churchill's announcement of the decision of the British Government. "In all this line of thought," he said, "we found ourselves in very close harmony with

the Government of Canada." Later on Mr. Churchill stated in a telegram addressed to the Prime Minister of Canada that he was grateful to him for the noble work he had done in bringing about harmony and understanding between the peoples of North America.

Here are some excerpts from the statement by Colonel Biggar, Chairman of the Canadian Section of the Permanent Joint Board of Defence of Canada and the United States. I would ask my right honourable friend to say if he takes exception to any word that I may read from this statement by Colonel Biggar, whom I know to be a friend of his and held in high esteem by him.

When two countries have a common interest in the defence of their respective territories the only common-sense course is for them to study their problems together.

You cannot solve suddenly problems of common defence. All the possible dangers from enemy operations must be the subject of profound study in advance of common action. The governments of the countries concerned must reach agreement as to the responsibilities each is to assume. These responsibilities must be carefully defined. Each government must be satisfied that the other is capable of carrying out the task allotted to it. There must be an understanding about the way the forces of each are to be reinforced by those of the other. Troop movements must be co-ordinated; the capacity of the available transportation facilities taken into account; methods of communication between the forces of each country arranged, and points with regard to supply and the like worked out in detail. In addition to all this you have to provide for elasticity in the plans. You must provide for their modification from time to time as events require. All this takes time, indeed it takes a long time. It is disastrous to leave plans for joint or concerted action by two countries to be improvised in the face of enemy pressure. Recent events have conclusively proved that.

The arrangement made by the President of the United States and the Prime Minister at Ogdensburg meets all the necessities of the situation. As its name implies, the Permanent Joint Board on Defence is permanent. It is to work continuously.

The setting up of the board imposes no obligation on either country. The board's function is to study the problems which arise and to report from time to time to the two governments the steps it thinks should be taken.

There is nothing in all of this which need detract in the slightest degree from the support which Canada can furnish to Great Britain in carrying on the battles overseas. Nor is there anything which need detract from the assistance which the United States has been and is giving, in order, as President Roosevelt recently said, to resist the forces of evil which are bent upon the conquest of the world and will destroy whomever and whenever they can destroy. Indeed the activities of the board make it possible to strengthen in some degree that support and assistance.

I cannot understand the argument of my right honourable friend, who says that if Great Britain is defeated we shall go down too. I

Hon. Mr. DANDURAND.

am not ready to admit that statement, because even if Great Britain were defeated North America would still be here, a continent which will soon have 150,000,000 people. One of the countries on this continent is the United States, which is now providing itself with necessary protection against an invasion by Germany. My right honourable friend says all that is of no avail. But does he repudiate the entente, as I will call it, between the authorities in Washington and Ottawa on this matter of common defence? Does he think there is no need for Canada to join with the United States and give whatever help it can towards defence of its own shores? Does he not think Canada should have a sense of its own dignity and refuse to let our neighbour do all the work? We must make ourselves ready on the Pacific, where we may have to face an enemy, a friend of the Axis. And we are facing possible danger on the Atlantic. Does my right honourable friend say that the understanding reached at Ogdensburg is valueless and should not have been entered into?

Right Hon. Mr. MEIGHEN: I never said that. I disputed the right of this Government to make an agreement involving obligations without submitting it to Parliament, and I deny that we have any right to rest our hopes of salvation in this struggle on any such agreement or any scheme for continental defence.

Hon. Mr. DANDURAND: We all know that Great Britain is our first line of defence, and we are doing our utmost to strengthen it. But does my right honourable friend believe that if Great Britain falls we must lie down?

Right Hon. Mr. MEIGHEN: No. I never said that.

Hon. Mr. DANDURAND: I should infer from my right honourable friend's remarks that he considers the Ogdensburg agreement is valueless. I want to know what his opinion is.

Right Hon. Mr. MEIGHEN: I did not say it was valueless. I think all nations with common interests should have staff talks with respect to defence. It is better to be prepared to put up a fight, if necessary, than not to be prepared. But my point is that in the present conflict there is only one place where we can be saved, and that is at the scene of war.

Hon. Mr. DANDURAND: We all agree on that point. The United States, without declaring war, is doing its utmost to help Canada and Great Britain. I have heard it said that fifty per cent of its production of munitions and other military supplies is being sent by the United States to Great Britain. I do not know whether that is true, but I do know

that Great Britain is very much in need of supplies from the United States. Yet my right honourable friend seems to think this good-will, this intercourse, this friendship between the United States and Canada is not very valuable.

Right Hon. Mr. MEIGHEN: I did not say that.

Hon. Mr. DANDURAND: No, my right honourable friend did not say that. He says our first line of defence, our theatre of war, is on the other side of the ocean.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. DANDURAND: The United States, while not declaring war, is doing its utmost to help Great Britain and Canada. I believe that the day when the President of the United States and the Prime Minister of Canada met at Ogdensburg to arrange for a study of present conditions and to take steps towards a common defence will be looked upon as a momentous day in the history of this country.

I desire now to say a few words about our armed forces. Of course the information which I shall lay before the House has been obtained from the various departments and my colleagues, for I am not at the head of any department. First I shall refer to the Army. In the review he gave on July 29 last the Minister of National Defence told the other House that the total strength of the Canadian Active Service Force on the 21st of July was 133,573 officers and men. This figure had risen by the 6th of November to 167,417, an increase of 33,844. At that time the strength outside Canada was 31,607, and it is now 52,093. The strength of the Canadian Active Service Force in Canada on the 6th of November was 115,324.

The First Division is an integral part of the Army Corps which, under the command of Lieutenant-General McNaughton, has taken its place in the defence of Britain. The Second Division is completing its training in preparing for incorporation in this corps, which, when the incorporation is completed, will become a Canadian unit.

Canadian troops continue to share in the garrisoning of Iceland and of the British insular possessions in this hemisphere.

In Canada, apart from troops on garrison and other special duties across the country, and units still in training, the Canadian Active Service Force has been grouped under two coastal commands, one for the Atlantic and one for the Pacific. The troops in Newfoundland are under the Atlantic command.

An armoured brigade of four Canadian Active Service Force tank regiments was recently formed. Two hundred tanks have been secured in the United States for use in training this mechanized force.

No review of the activities of the Army during recent months would be complete without a reference to the 65,000 officers and men of the Non-Permanent Active Militia who during the summer gave up their time and frequently their holidays to training in the militia camps, in order to prepare to take their part, if the need should arise, in defending the country.

With permission of the House I should like to place on Hansard a statement made on October 23 last by Major-General Crerar with regard to the plan followed in the building of the Canadian Army. Honourable members who read the statement will see that he says the decision to adopt the thirty-day training plan was made on his own recommendation. And he gives the reasons why he made that recommendation.

The first lesson we have learned is that an army such as the German, with powerful armoured formation, and with effective and close support from the air, cannot be adequately resisted or surely defeated by an army on the old man-power model of the last Great War.

It follows that Canadian forces of the future must be fully provided with mechanized power which includes modern artillery and armoured fighting vehicles and ample assistance from close-support aircraft. Man, on the battlefield, is mainly needed as the eyes and brain for the machine-powered weapons; in the mass, he is merely a target inviting destruction. In the circumstances which now obtain, the number of Canadians whom we can usefully enlist and commission in the Army is limited by the extent and speed with which we can obtain from the industry of this nation the military machines and weapons needed to equip and train them and essential to their future success in battle.

The second lesson is that reliance on static defence and an army of defensive type is inviting defeat, and does not provide the dynamic force required for victory. The failure of the Allies has been due to the lack of attacking power. To take the offensive, military forces must be highly trained as well as powerfully armed, and furthermore trained to co-operate closely with the Air Force. For the British nations, training in combined operations with the Navy is also essential.

With those lessons in our minds, we will now consider the army development which is required of this country in the precious months which may yet be available to us. I say "precious" advisedly, because the time so gained for the British Empire and for civilization is being bought by the bravery, determination and sacrifice of the men and women who now hold the battlefield of the British Isles.

The ideal which we must constantly strive to attain is that our military development should be balanced in its progression. This

implies that the production of our requirements in men, weapons, equipment, clothing and facilities for training should proceed with such co-ordinated relation to one another that these components, essential in the making of an army, should never be seriously out of proportion to the needs at any given date. In spite of the difficulties we must never relax our efforts to proceed in this logical manner. And, of course, there are great difficulties. For instance, the enlistment of large numbers of eager men is more quickly done than the less obvious, more complicated, but equally essential action of gearing up industry to produce all the arms and equipment they need.

At the present time these components, unquestionably, are not balanced. We have a large Active Service Force mobilized in this country. We have scores of thousands of officers and men in our reserve formations. No better material for a matchless fighting force can be found in the world. But we have some distance to go before our supplies of armament and equipment can be brought up to the level of the requirements of war or existing fighting man-power.

Our present efforts must therefore concentrate on two things. We must utilize to the full all the skill, ingenuity and facilities we now possess to advance the fundamental training of all ranks now in our Army in the science and art of their profession. We must also intensify our efforts towards the complete provision of the armament required by those men before they are called upon to meet the enemy in battle. I have no doubt of the ability of the employers and employees in Canadian industry to meet this latter and essential requirement. I speak for the Army when I say that we recognize that the provision of adequate man-power for industry is essential if we are to make that Army fully effective.

Now, I do not wish these remarks to be taken as an indication that there exists in my mind any doubt whatsoever as to the vital importance and significance of the adoption by this country of compulsory training and of service for home defence of its man-power. On the contrary, all my life I have firmly believed that true democracy means equality of service of all, for the State, as well as equality of opportunity for all, within the State. I should also make it clear that the decision to limit the initial training period for those young men who but recently have been privileged to inaugurate this scheme to one month is also based on my recommendation. There were two important reasons which influenced me to make that recommendation. Firstly, the short training period enabled a larger number of young Canadians to gain a proper conception of their national obligations within a given time. Secondly, our limited supply of modern weapons made it impracticable just now to carry the individual training of these young men beyond the basic stage, and a month or six weeks of instruction was sufficient for that limited syllabus. These factors, though important at this time, are not of enduring importance, and, as my Minister stated the other day, consideration is being given to possible alterations in the training schedule in order to adjust the period of compulsory training to changes and improvements in conditions and to the requirements of industry.

It is obvious that we cannot ask the United Kingdom to provide us these essential armaments in view of the needs of the forces now

facing the enemy in the several theatres of operations overseas. We cannot now count largely on provision by our good neighbours, the United States, as that country is now faced with its own great problem of speedily producing modern armaments for 45 divisions and 10 armoured divisions. Nor can we contribute to the winning of the war in Europe, or importantly to the defence of our own shores, by mobilizing masses of partially trained men with inadequate arms and equipment.

No one contends that in thirty days of training you can turn out a soldier. But, as Major-General Crerar explains, there were important reasons in favour of the present plan. I want to add that the bringing together in the camps of all these young men, many of whom had previously never travelled far from their own farm or village, has had a very fine effect upon them. They are returning to their homes delighted with the contacts they have made and benefited by the discipline to which they have conformed, and I am quite sure that if they are called to serve again, as they may be, even to serve for a longer period, they will answer the call with alacrity. I am informed that in many of these camps already the military spirit has permeated the young men to the point that they are ready to enlist in the active forces. I believe that admirable work has been done under the thirty-day plan. The ice has been broken: the young fellows have been introduced to military life. Because of lack of equipment we could not pursue the training much further, but when next called they will respond as readily as they did at the outset, and with considerably more enthusiasm, because they now appreciate the advantages of the training they have already had.

I come now to the Navy. My right honourable friend said: "There is nothing announced in the Speech from the Throne except that measures will be submitted conducive to advancing the efforts of the country towards winning the war." But my right honourable friend knows full well that Parliament is now in session in order that those who desire first-hand information on Canada's war work may get it, and I believe the Senate is interested in getting such first-hand information.

Since the outbreak of war the development of our small Canadian Navy has been little short of phenomenal. Even in the last three months its personnel has risen from about 9,000 at the beginning of August to 13,034 on November 7. At the beginning of August we had about 130 vessels in commission, excluding destroyers. By the end of October the number had risen to over 140, and, as well, 17 corvettes and 4 minesweepers of our new construction had already been launched.

Hon. Mr. DANDURAND.

In the same period, thanks to the arrangement concluded with the United States, our destroyer strength has doubled; we now have 12 destroyers in commission. It is a tribute at once to the efficiency of our Naval Service and to the eagerness of Canadians to volunteer for the defence of their country that no difficulty has been found in enlisting crews for the new vessels. Indeed, there are far more young Canadians eager to join than the Navy with its present establishment can possibly take. Some of our destroyers are still participating, in European waters, in the defence of Britain against the threat of invasion. Our Navy, too, continues its vigilant patrol of our own coasts and takes its part in the vital task of keeping open the life-lines of Britain across the North Atlantic. It was a source of particular satisfaction for Canadians to learn of the gallant exploit of the converted merchant cruiser "Prince Robert" in capturing the German merchant vessel "Weser" off the Pacific coast of Mexico.

With the leave of the Senate, I desire to insert in Hansard a summary of Canadian naval activity, which I have received from the Minister of National Defence for Naval Services, Hon. Mr. Macdonald. With this statement before them and my preceding remarks on this subject, my right honourable friend and our colleagues will be in a position to know what has been done in this department.

The mobilized strength of the Royal Canadian Navy consists of approximately 13,000 officers and men. In addition there are, not on active service, 82 officers and 1,213 men at the various Royal Canadian Naval Volunteer Reserve Divisions throughout the Dominion.

One hundred and fifty-five vessels comprise the Canadian fleet. These include various types: armed merchant cruisers, destroyers, corvettes, minesweepers, anti-submarine vessels, and various other auxiliary craft that have been armed and converted to meet naval requirements.

Expansion continues steadily. By the spring of 1942 there will be 23,000 officers and men on active service and 350 vessels in commission. These will include the latest type of fast motor torpedo craft.

Two hundred and forty-three officers and men have lost their lives whilst on active service.

Three ships have been sunk—two destroyers and one minesweeper; H.M.C.S. "Fraser" (destroyer) whilst evacuating troops from France; H.M.C.S. "Margaree" (destroyer) whilst convoying merchantmen in the North Atlantic, and H.M.C.S. "Bras d'Or" (minesweeper) whilst engaged in duties in the Gulf of St. Lawrence.

Apart from personnel in Royal Canadian Naval ships, 390 officers and 1,008 men are now either training or serving in R.N. ships or R.N. establishments.

Eight officers and six men have been decorated or mentioned in dispatches for gallantry.

Four Canadian destroyers are serving off the shores of England. Each one has participated in notable operations and each one has been commended for rescues performed at sea.

Ships of the R.C.N. continue to patrol coast lines of Canada, and, in co-operation with the R.N., her sea lines. R.C.N. vessels have seen service not only by her own shores and off the coasts of Britain, but also in the Caribbean and in the South Pacific. A notable example of the latter is the capture of the rich German prize, the "Weser," by H.M.C.S. "Prince Robert." This operation was performed when the German ship was attempting to escape from the port of Manzanillo in Mexico. The Italian ship "Capo Noli" was captured in the St. Lawrence by H.M.C.S. "Bras d'Or," and the German vessel "Hannover" was seized in the Caribbean by H.M.C.S. "Assiniboine" and a British cruiser.

The addition of the six American destroyers was a big increase to the destroyer strength. These ships have been manned and are now engaged in training operations. Two more destroyers, of the latest type, are under construction in England.

Personnel are serving not only in R.N. and R.C.N. ships, but also are serving as gun crews aboard defensively equipped merchant vessels. Approximately fifty ships have been staffed in this respect by the Royal Canadian Navy.

Under naval auspices numerous merchant vessels have been provided with armament for defensive equipment and have also been degaussed. Naval dockyards have not only refitted Canadian vessels, but have also worked on ships of all sizes belonging to the Royal Navy.

A huge volume of traffic is being handled by Canadian naval wireless telegraphy stations, which are not only dealing with our own traffic, but are also essential links in the Admiralty's world-wide chain stations whereby naval operations all over the globe are controlled and co-ordinated.

Since the outbreak of war several ports have received defensive protection, and careful plans and preparations are in progress for the addition of certain naval bases.

Looming as one of the most important accomplishments of the Naval Service is the convoy system, which permits vital cargoes to flow uninterruptedly to the Mother Country. Under Canadian organization great numbers of merchant ships are assembled, dispatched, and escorted. This is no mean task. Each ship has to be grouped because of her speed. Each ship's captain and officers must be trained to manoeuvre craft to convoy requirements. To date, from our Eastern ports no less than 3,500 ships have been sailed and have carried approximately 17 million tons of necessities to England. Canadian naval vessels have also provided escorts to troop convoys, not only to England, but to other regions. In these operations not a man has been lost.

The large expansion has necessitated increased training facilities at both coasts for both officers and men. At Esquimalt and at Halifax courses are given in gunnery, signalling, torpedo, wireless telegraphy, anti-submarine detection, minesweeping and navigation, etc., etc. There are approximately 175 officers undergoing instruction at the East Coast and 45 at the West Coast; 1,400 ratings at the East Coast and 750 at the West Coast. Other officers and ratings are undergoing courses in England.

With regard to the Air Force and air training, the Minister of National Defence for Air, Hon. Mr. Power, told the House of Commons last July that on July 24 the Royal Canadian Air Force numbered 1,765 officers and 17,688 men, or 19,453 in all. By November 2 these numbers had risen to 2,343 officers and 28,256 men, or a total of 30,599. This represents an increase of more than fifty per cent. In addition, 3,187 men had enlisted for training as air crews at the beginning of August. On November 2 this number had reached 6,884.

The Royal Canadian Air Force continues to perform its threefold task. Its home defence squadrons continue their constant patrols over our coasts and coastal waters. They take their part in the escort of convoys to and from our shores.

The Parliamentary Under-Secretary of the Air Ministry, Captain H. H. Balfour, visited Canada at the beginning of September. In an interview with the Press at the conclusion of his visit he used these words:

I am more than impressed with the progress made here on the Empire Air Training Scheme.

Just the other day the present Secretary of State for the Dominions, Lord Cranborne, said in a speech in London that the Empire Air Training Scheme was designed to produce, when in full operation, twenty thousand pilots and thirty thousand air crews yearly, and he added these significant words:

It is months ahead of schedule.

Honourable members will recall that at the time the British Government proposed this great undertaking it indicated that with the facilities which Canada possessed this co-operative effort might prove to be of a most essential and decisive character. It is therefore a source of no little satisfaction to the Government, as I am sure it will be to the Senate and to the country, to have the assurance that the plan is more than meeting the expectations of the British Government.

With the leave of the Senate, I should like to supplement what I have just said by placing on Hansard a statement by the Deputy Minister of National Defence for Air. The information it contains will, I am sure, be of interest to honourable senators.

Canadian Air Force

Our Royal Air Force is developing far beyond our most optimistic expectations. We have more men overseas, more men on home defence, more men in training, more schools in operation, more aerodromes constructed, more buildings ready for occupation, than were contemplated in our original plans.

The British Commonwealth Training Plan will continue to be by far our greatest effort, but our thoughts are overseas with our young airmen, who are giving a magnificent account of themselves.

Hon. Mr. DANDURAND.

Our Air Force is doing splendid work in co-operation with the Royal Canadian Navy in defence of the East and West coast waters.

More than 3,000 ships, representing a total tonnage of over 17 million tons, were conveyed from our Eastern coasts. Not one of these ships has been lost while under Canadian protection on this side of the Atlantic. These patrols and defences serve to protect the carrying of the products of our vital industries on which depends our capacity to make war.

One of these industries is that of aircraft. Before the war its production was below the million-dollar mark and it employed fewer than 1,000 men.

Many millions of dollars have been spent on capital facilities, including both plants and tooling.

Orders totalling over 100 millions have been issued and 10,000 men are being employed. Within twelve months this number will be doubled.

Per head of population, Canada is to-day producing as many planes per month as our neighbours to the south.

In our long-range programme we contemplate a self-contained industry producing anything from a primary trainer to the largest long-range heavy bomber, with the possible exception of aero-engines.

When Great Britain was suddenly faced with the danger of invasion and had to suspend the supply of aircraft upon which we were dependent for the development of the Air Training Plan, we turned to the United States, and Canada's aircraft industry, and our appeal was not in vain.

Our Canadian industrialists answered magnificently and the wage-earners did likewise, with a zeal that has not faltered.

The British Commonwealth Air Training Plan, which is Canada's greatest single enterprise, is moving along satisfactorily.

Pilots, air-gunners and air-observers, for service overseas, are being trained rapidly. There are some 6,000 in various stages of training, and 2,000 more will join before the end of the year.

The Air Ministry in London has lent us the aid of a number of their most expert officers, and they have established a Liaison Mission at our headquarters, to keep us in touch with all new developments in training, as the result of actual war experience.

We have put up aerodromes and buildings, and supplied equipment and personnel.

When we were faced with the crisis of May last, we decided to speed up our construction programme. All buildings scheduled until the fall of 1941 were to be erected this year, and all aerodromes to be under development before the frost set in this year. This is being carried out with the help of a group of engineers furnished by the Department of Transport.

People often wonder as to the number of trained pilots or observers or air-gunners we are going to send over under the Imperial plan. It is not advisable to satisfy that legitimate curiosity. Even if we could, the answer given to-day would perhaps not be true to-morrow, because the plan is constantly being speeded up. This, however, may be said: that in June last we had but 500 air pilots, air-gunners or observers under training; we have now 6,000 and more, and we shall reach 8,000

by the end of the year. We have some 8,000 men whom we are training for our ground crews. By the end of the year we shall have trained twice as many pilots as the plan originally contemplated, with 48 schools of various kinds in operation, as against the 36 the plan called for, and during the same period twice as many men as were planned for will have been sent overseas.

Tribute should be paid to the officers and men of the Royal Canadian Air Force who, under the dynamic leadership of Air Vice-Marshal Breadner, are not only responsible for our home defences and our squadron abroad, but are carrying out with such conspicuous success the organization of the Joint Air Training Plan, and of Air Commodore Johnson, who has the chief responsibility for the organization and training of its personnel. We owe also a tribute to the young men who have answered the call and joined the Air Force.

It is an impressive sight to watch our young men from the cities and the country striding across our air fields to take their first solo flight, to watch these young men working over lathes and benches, over precision machines, over engines and dismantled aircraft. If you could see the faces of these French-speaking and English-speaking Canadians working side by side, you would ask, not whether young Canada is ready to do its part, but only how, and whether the rest of us can prove ourselves worthy of them.

With regard to war supplies, I desire to submit a brief statement of expenditures. Further details and subdivisions of these expenditures will be furnished by my honourable colleague from Inkerman (Hon. Mr. Hugessen), in whose hands I have placed the necessary data. This is the statement:

The most graphic index of the progress made in furnishing needed munitions and other war supplies and equipment is perhaps the total of war contracts let. On August 12, we had awarded, for the account of Canada, contracts to the total amount of \$302,000,000.

By November 14 that amount had been increased to more than \$443,000,000. Of the \$443,000,000 worth of contracts 87 per cent have been placed in Canada, 8 per cent in the United Kingdom, and 5 per cent in the United States.

In addition to these amounts, Canadian industry had undertaken, as of September 3, 1940, total contracts from the Government of the United Kingdom in the amount of \$134,000,000 for equipment and supplies, and commitments have been made by the United Kingdom for capital expenditure of an additional \$81,000,000.

The figure of \$443,000,000 represents contracts for the delivery of munitions, supplies and equipment. We have also made commitments for capital expenditures in the form of plant construction and extensions to the amount of \$235,000,000. These capital commitments include: fifteen explosive and chemical plants at a total cost of \$70,000,000; twenty-five armament plants at a cost of \$66,000,000; forty ammunition plants at a cost of \$36,000,000; additions to automotive plants at a cost of \$5,000,000.

I shall conclude my account of Canada's war effort by a very brief summary of our war finance. I need not remind the House of the principles on which the Government has decided that our war effort should, as far as possible, be financed. We have relied upon taxation and upon domestic borrowing. Even if we desired to use them, foreign markets are not at present available.

In the first twelve months of the war our expenditure was \$290,000,000, or about \$800,000 a day. The collapse of the resistance to the Nazi offensive on the continent of Europe, and the elimination thereby of many of the protective factors of time and space, were followed by an immediate increase in our financial and material responsibility. The result was a rapid and progressive rise in our war-time expenditures. In June and July we were spending about one and a third million dollars a day; in August nearly two million dollars a day; in September our war expenditures were sixty-six millions; in October they were over eighty-one millions. The October expenditures were at the rate of almost a billion dollars a year.

Our revenues, fortunately, are at the highest level in Canada's history. Our second war loan of \$300,000,000 was over-subscribed. Its subscription was broadly based; it was not unduly concentrated in the hands of banks and financial institutions, but many thousands of small investors rallied to its support. More than one million war savings certificates have been issued.

Before I resume my seat, I would again say to my right honourable friend that if he would only glance at the details of the contracts which have been awarded he would see the magnitude of the Government's effort in providing equipment and supplies for our troops and for our friends on the other side. It is so stupendous that American journalists who came here on a tour of inspection said that the war effort of Canada was admirable.

Right Hon. Mr. MEIGHEN: They were rather critical.

Hon. Mr. DANDURAND: Suppose I read the conclusion of a statement by Mr. Baldwin, one of those journalists? It is as follows:

Nevertheless, an inspection of Air Force, Army, and centres from Hamilton, Ontario, to Halifax, Nova Scotia, showed that Canada's defence establishments have been tremendously expanded in a year of war, that her programmes to aid Great Britain and to defend herself have been considerably modified, expanded and speeded since the German blitzkrieg of May and June; and that to-day the great majority of Canada's 11,315,000 people are wholeheartedly behind the Dominion's war effort. That effort is now passing its preliminary planning and plant expansion stage, and with increasing speed will commence to prove a factor in the war.

I could quote a number of other statements to show the surprise of those journalists from the other side at what a nation of 11,000,000 could do. I repeat to my right honourable friend that he need not worry, that he may as well chase away his pessimism, for Canada is on the job till the last day—which will be a day of victory.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I will ask the honourable senator from Waterloo (Hon. Mr. Euler) to present a statement on the waterways agreement. I think honourable members are entitled to know the basis of the agreement and the expenditures it involves. As a former Minister of Trade and Commerce, the honourable gentleman is well qualified to deal with the subject.

Right Hon. Mr. MEIGHEN: Perhaps the honourable gentleman will permit me to supplement his quotation from Mr. Baldwin's statement by another, which is far more flattering to the Government—and I know my honourable friend will be pleased to hear anything of that nature. This comes from the pen of Mr. J. D. Bowersock, the Kansas City Star's representative on the recent 3,000-mile journey in Eastern Canada in charge of very skilful Government officials. Here is the compliment he pays our war effort, and I do not think we could ask for more:

Buzzing wheels of industry, the sound of marching feet, the battle of tanks, the mighty roar of anti-aircraft and anti-tank guns and the rat-a-tat-tat of machine-guns in Canada to-day are harmonizing with the hum of airplane engines to create a great training symphony.

What more could the Government ask for than that? I do not think anything was wanting in the entertainment of Mr. Bowersock. "The mighty roar of anti-aircraft and anti-tank guns—the battle of tanks." We have not an anti-tank gun in Canada. We have only one anti-aircraft gun, and it has never been fired. As for tanks, we have only little minnows of some four tons, and there never was any "battle" of them. Certainly the entertainment did its work.

Hon. Mr. DUFF: Honourable senators—

Hon. Mr. DANDURAND: Will the honourable gentleman allow me? The honourable senator from Waterloo (Hon. Mr. Euler) will close my speech by adding a statement on the waterways.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DANDURAND: My right honourable friend (Right Hon. Mr. Meighen) should know that divers parts of our equip-

Hon. Mr. DANDURAND.

ment were to be furnished by Great Britain. Because Great Britain declared herself unable to furnish that equipment we have been obliged to turn to the United States, and to start doing the work ourselves.

Right Hon. Mr. MEIGHEN: How is it that Australia has plenty of these things of her own, of which we have none?

Hon. Mr. DANDURAND: I cannot go into Australia's statement, but I may say that we have been proceeding with the things that were most essential to Great Britain in this war.

Hon. W. D. EULER: Honourable senators, it is customary in the House of Commons, from which I have recently come, and perhaps in the Senate as well, to extend laudatory congratulations to the mover and the seconder of the Address. Sometimes these congratulations become more or less perfunctory through reiteration by the various speakers. I would not lend myself to any performance of that kind, but, after listening to the speeches of the mover and the seconder last evening, I should like to say that they discharged their duty with a degree of excellence which I have never seen surpassed in my twenty-three years in the Parliament of Canada.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. EULER: The right honourable gentleman paid his compliments to the mover and the seconder in terms which I could not hope to rival; but so far as the remarks of the honourable senator from Sorel (Hon. Mr. David) are concerned, I may say that I was particularly impressed with his statement of the fact—and I think it is a fact—that since the war there has developed amongst the people of his province a feeling of goodwill towards the people of British extraction in this country such as never before existed. I believe honourable members of this Chamber will appreciate what I say when I tell them that inevitably there passed through my mind the wish that the people of the British and French races of this country may continue to extend to Canadian citizens of other races the same goodwill and accept their outstretched hand of co-operation, no matter what their racial origin may be.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: I believe that with very few exceptions these people desire to be received into the circle of national unity that makes for an undivided Canadian citizenship.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. EULER: I should like also to extend my compliments to the honourable

senator from Toronto (Hon. Mr. Hayden). His speech was of a practical nature. The Government may very well take cognizance of his suggestions with regard to economic reforms and constitutional changes indicated in the Sirois report. Perhaps what he has to say of certain questions, such as that of wheat and that of the Constitution, does not come entirely within the purview of winning the war, but, while the conduct of the war is the primary consideration of the Government and of Parliament, I agree that it is also necessary that other questions of vital importance be considered and acted upon by the Government and Parliament. For this reason I intend to speak for a few minutes on two subjects which are perhaps of more interest to me than to others, since they pertain to the province of the Department of Trade and Commerce, with which I was associated until only a very few months ago.

One of these subjects is that of the foreign trade of this country; the other is the development of the great waterways scheme. I need not stress the importance of foreign trade to this country, and I do so only because, after the somewhat pessimistic address of the right honourable gentleman opposite (Right Hon. Mr. Meighen), I should like to cast a ray of light into the situation; for trade, after all, is related to our war effort, and the state of Canada's foreign trade is extremely gratifying.

The development of our foreign trade, especially our export trade, is of vital importance to this country, particularly in time of war. I have seen repeatedly in one newspaper the statement that our export trade is not really of importance. I cannot admit the truth of that contention, in view of the fact that we in Canada have a tremendous surplus of commodities which we cannot ourselves consume and for which export markets must be found. I refer to minerals, lumber, meats and fish, farm and dairy products, newsprint and many manufactured commodities, to say nothing of that other great asset—which is also a liability—wheat.

Though our exports to the extent of about eighty per cent go to the United Kingdom and the United States in almost equal proportions, we had prior to the war a very substantial foreign trade with the countries of continental Europe—the Scandinavian countries, the Netherlands, Belgium, France, and even Germany, our exports to which country amounted to some \$20,000,000 or more per annum.

Of course, when the war began the German market was immediately lost and it became necessary to find new markets or to extend

our old ones. There was not a great deal of loss of trade to the Scandinavian countries, the Netherlands, France or Belgium until the German armies overran those countries. But now, in view of the fact that we have lost those European markets almost entirely, I think it should be gratifying to the House and to the people of the country generally to learn that our foreign trade has expanded enormously, namely, to the extent of \$600,000,000 during the last year. Our foreign trade last year amounted to the great sum of \$2,150,000,000, of which \$1,150,000,000 is export trade. This gives us a favourable balance of trade, which is always regarded as desirable, of \$160,000,000. To this should be added exports of gold amounting to \$184,000,000. I see no reason why this should not be included, because the production of gold implies employment, and gold is one of our greatest assets. The fact that we had a favourable balance of trade of \$346,000,000 during the last year is reason, I think, for optimism and encouragement.

Our imports also increased by about fifty per cent over those of the previous year. These consisted largely of raw materials—a fact which implies increased activity in our industrial establishments and in the production of goods for export trade.

Our Empire trade outside of the United Kingdom itself increased by \$28,000,000, the total being \$130,000,000, and this in spite of the very drastic restrictions imposed on imports from Canada by New Zealand and Australia. Our increase to Great Britain was thirty-six per cent, the figure rising from \$341,000,000 to \$465,000,000; and the prospect looks bright for further increases in the coming year.

To the United States, which takes almost exactly the same quantity of goods from Canada as does Great Britain, our exports increased by forty-seven per cent, the total being \$463,000,000. In South America, which formerly provided a market for German goods, we have also increased our trade considerably. Last year they took \$21,000,000 worth of our goods, an increase of sixty-two per cent. Argentina and Brazil doubled their imports from Canada. I might say, just in passing, that the countries of South America and Central America offer a great potential market, which ought to be developed by the Canadian Government as much as possible. I am glad to say that I know the Department of Trade and Commerce is continuing its efforts to extend trade in that direction.

The West Indies have increased their purchases from Canada from \$15,000,000 to \$20,000,000, and the British West Indies from

\$12,000,000 to \$17,000,000. There were also increases in Mexico and Central America, the products we sent them being largely newsprint, pulp, automobiles, meats, lumber, flour and fish.

Turning again to the continent of Europe, since the invasion of Norway our business with Sweden has fallen considerably, dropping from \$5,216,000 to \$2,211,000. Our exports to Portugal increased from \$124,000 to \$1,000,000, and to Spain from a paltry \$23,000 to about \$500,000. It is perhaps well to say here that we have a very definite assurance, as definite as any such assurance can be, that none of the commodities exported to these continental countries reach enemy countries.

But, with all this, wheat is still our great problem. I listened with great interest to what the honourable senator from Toronto (Hon. Mr. Hayden) said last night as to what might be done, although his suggestions were necessarily not very definite. I think it the duty of the National Research Council to do all it can to find new uses for wheat.

This country of eleven million people has cause for pride and satisfaction in the continued increase of our international trade, and therefore of its enormous volume, which is so necessary to the conduct of the war.

And now, honourable senators, I will for just a few moments deal with the question of the St. Lawrence development, in conformity with a duty which has been entrusted to me by the honourable leader of the Senate (Hon. Mr. Dandurand). As everyone knows, this question has been a controversial one for a great many years. I do not purpose entering into any controversy now, and I bespeak the patience of the House if I mention some matters which perhaps are as well known to honourable senators as they are to myself. There are, of course, two aspects to the St. Lawrence development: one, that of navigation, and the other, that of power. It is admitted now that whereas there has always been a considerable difference of opinion about the value of a deepened waterway all along the St. Lawrence, there can be no doubt of the necessity of developing electrical energy there.

The difficulties in connection with the whole matter have been manifold. One has arisen, as I have indicated, because of differences of opinion in Canada itself, perhaps more especially in the province of Quebec than elsewhere, as to the advisability and the need of a deepened waterway. There has also been complication because of the international character of the proposed scheme. Further, the separate jurisdiction of the federal and provincial governments has perhaps made the matter more difficult than it otherwise would

Hon. Mr. EULER.

have been. Another factor that entered into the case was the diversion of water by the city of Chicago. Finally, there was the problem of the heavy financial commitments that would be necessary in the building of the waterway.

In Ontario we have a great public ownership development called the Hydro-Electric system. Whatever the views of some honourable members of the Senate may be as to the value of public ownership—and I am not going to debate that at the moment—there can be little doubt that the publicly owned Hydro-Electric power development in Ontario has been of immense value to the people of the province. If I may say so, the district from which I come takes a great deal of pride in the fact, which may be known to most honourable members, that the original suggestion for development of Niagara power in the province of Ontario came from a resident of the county of Waterloo, Mr. D. B. Detweiler, a man of Mennonite extraction, whose forefathers migrated to that part of Canada from Pennsylvania. Mr. E. W. B. Snyder, also of that district, joined with Mr. Detweiler and they pressed constantly for action. Finally the great undertaking was carried to completion and success by the late Sir Adam Beck. Further honour is due to that section of the country because of the fact that the first suggestion for deepening the St. Lawrence also came from Mr. Detweiler. And, if honourable members will pardon a personal reference, I may say that the very first public meeting called to arouse interest in developing the St. Lawrence waterway was held in the city of Kitchener and presided over by the mayor of that city, who happened to be myself. A great deal of water has flowed under the bridges and through the rapids of the St. Lawrence since that time, and the waterways subject has been discussed very often.

As honourable members know, Canada has for years had a canal system with a depth of 14 feet. In 1929 a convention was signed with the United States, providing for a certain further diversion on both sides of the border, and also for preservation of the scenic beauties at Niagara Falls. That convention did not become effective, because it was not approved by the United States Senate. Nothing further was done until 1932, when another treaty with the United States was signed, providing for a waterway 27 feet in depth and the development of some 2,000,000 horse-power of electrical energy. That treaty received the support of a majority in the United States Senate, but was not ratified, it having failed to get the necessary two-thirds vote. There the matter has rested,

although in the meantime some considerable progress has been made with regard to the diversion at Chicago. Representations by the Canadian Government and pressure by Washington itself have resulted in reduction of the quantity diverted by 5,000 cubic feet per second as compared with ten years ago.

In 1937 the United States proposed an agreement for settling all these questions. As is well known, the Premier of Ontario, Mr. Hepburn, objected to the proposal because it would mean a heavy financial outlay for the province, he stating that at that time the power needs of the province were not great enough to justify the expenditure. He made a counter proposal, however, to the effect that at Long Lac certain waters which now are discharged into the Hudson Bay basin should be diverted by the Ontario Hydro-Electric Power Commission into Lake Superior, and the flow over Niagara Falls be thus increased, on the understanding that the Commission should be permitted to divert an equivalent amount at Niagara for the development of electrical energy. But the United States objected to that, preferring to have the whole question of the St. Lawrence development dealt with in a single agreement.

Nothing further was done until the war broke out. Then the demands for power in Ontario became so great that Mr. Hepburn declared his willingness to go on with the whole scheme of the St. Lawrence waterway. Investigations were made, commissions were appointed, and conferences were held in both Washington and Ottawa, and are still being held.

Right Hon. Mr. MEIGHEN: There has been some development of opinion on the subject.

Hon. Mr. EULER: I have no doubt of that. There usually is a development of opinion on controversial matters of this kind.

I think I may say here that the United States acted rather generously when, after the Premier of Ontario had consented to have the whole scheme proceeded with, they agreed that the Ontario Hydro-Electric Commission should be permitted to divert immediately a certain quantity of water—I think it is 5,000 cubic feet per second—at Niagara Falls, on the understanding that the province should go ahead at once with the diversion at Long Lac into Lake Superior. I understand the diversion at Niagara Falls is already under way and that the necessary work at Long Lac is now being done.

Hon. Mr. RAINVILLE: Does my honourable friend say that the work at Ogoki is now being proceeded with?

Hon. Mr. EULER: I understand it has begun, but I am open to correction on that point. If a start has not yet been made, it will be made very soon, I believe. A definite understanding has been reached that as more water is abstracted at Niagara Falls an equal quantity must be diverted at Long Lac. As far as Ontario is concerned, the net result will be an additional 70,000 horse-power developed at Niagara, and 50,000 horse-power on the Nipigon river.

I think, honourable senators, it is further evidence of the goodwill existing between the United States and Canada that representatives of the two countries have been able to get together and make a substantial contribution towards solving a problem which has been very vexatious. Two commissions have been appointed, one by the Government of each country, to work with engineers in devising the most suitable plan for developing the international section of the St. Lawrence. It is sufficient to say in conclusion that if and when these commissions report favourably on a plan and a treaty is entered into between the two countries, that treaty, despite fears to the contrary which may be entertained by my right honourable friend opposite (Right Hon. Mr. Meighen), will be submitted to the Parliament of Canada for ratification.

Hon. A. K. HUGESSEN: Honourable senators, as he indicated towards the end of his remarks this afternoon, my honourable leader (Hon. Mr. Dandurand) has devolved upon me the duty of acquainting the House with the progress made by the Department of Munitions and Supply during the past few months in connection with the war effort of this country. I appreciate that I am inadequately equipped to fulfil such a function, but I cannot refrain from saying what extreme pleasure, even joy, it gives me to be able, if only to some small degree, to lighten the load which my honourable friend and leader carries, so gallantly and cheerfully, during the whole time the Senate is sitting.

Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: The material which I shall submit to the House is derived from a memorandum prepared by the Department of Munitions and Supply. That memorandum contains certain material which I am informed it would not be in the public interest to disclose; so, of course, I cannot disclose it. But my honourable leader has instructed me to say that he will be glad to supply a copy of the memorandum to the right honourable leader of the other side (Right Hon. Mr. Meighen), if he desires to have it.

There is perhaps one other preliminary observation which I should make, and that is in the nature of an appeal to my honourable colleagues not to cross-question me too closely about any of the information which I may furnish this afternoon. They will realize that though the voice may be the voice of Jacob, the hand is the hand of Esau, and Esau does not happen to be in the House.

By way of introduction, I may say that the swift overrunning of Norway, Denmark, Holland and Belgium, and the subsequent collapse of France, reversed the industrial war policy of Britain, and consequently of all the overseas Dominions. These events transformed a previous reliance upon a defensive military policy in Europe, supported largely by British industry, into the present situation of a thoroughly aroused nation, temporarily beleaguered, and needing an ever-increasing industrial support from overseas, to permit her later to take a vigorous offensive. This has involved a practical reversal of the role which had originally been assigned to Canadian industry when the war broke out.

The work done in Canada, however, prior to the early summer of this year, proved to have been a sound preparation for the rapidly expanded production which has ensued. One way of estimating this rapidly increasing production is to consider figures of the war contracts which have been let. During the first three months of this year the average number of contracts placed each month was 1,910, whereas during the third quarter the average was 7,500. In September alone contracts were let at the rate of about 325 for each working day.

Another method of estimating the increase in the physical production of the country is to compare percentages of various kinds as between September, 1939, and September, 1940. For the purpose of this estimation the production for 1926 is taken as 100. Manufacturing production in September, 1939, was 121 per cent; in September, 1940, it was 159 per cent. Iron and steel production: September, 1939, 98 per cent; September, 1940, 242 per cent.

For certain specific items I have a few figures which may be of interest, these also referring to the contrast between September, 1939, and September, 1940. Production of pig-iron, in tons: September, 1939, 66,000; September, 1940, 111,000. Production of British Columbia timber, in feet, board measure: September, 1939, 229,000,000; September, 1940, 339,000,000. Production units

of cars and trucks: September, 1939, 3,900; September, 1940, 15,475.

The value of exports to the United Kingdom—another measure of our war effort—advanced during the first nine months of 1940 by 56 per cent over the figure for the corresponding period in 1939.

I desire now to describe very briefly, under various headings, certain details of the war effort which comes under the administration of the Department of Munitions and Supply. First, as to the expansion of productive capacity, the policy of the Government has been in general to rely upon existing plants for all war supplies. But in many instances the plants did not exist, the desired product had never before been manufactured in Canada, or the capacity of an existing plant was not adequate to meet the demand. In these circumstances this Government, or the British Government, or the two Governments acting jointly, have provided the capital necessary for entirely new plants or for extensions to existing plants. The number of projects undertaken under this heading total 146, and the capital expenditure amounts to \$255,000,000. A substantial number of these plants are now completed and in operation, and the remainder are being rushed to completion. Of the money total of \$255,000,000, about one-third is a liability of Canada, and the remaining two-thirds a liability of the British Government. As one example of the increase of physical productive capacity, Canada will within from six to nine months be able to produce 100,000 tons of brass a year—five times the previously existing and "normal" productive capacity.

The second heading is construction. The British Commonwealth Air Training Plan of January, 1940, provided originally for the construction of 82 schools, covering elementary flying training, service flying training, bombing and gunnery, air observers, technical training, air navigators, repair depots, air armament, reconnaissance, wireless, and so forth. These 82 schools will provide for the accommodation of approximately 92,000 men in the aggregate. The original plan contemplated the completion of all these schools over a period of two years, but the programme has been accelerated and the entire construction will be completed by August, 1941. To date 36 schools of the 82 have been completed, and the schedule for the completion of the remainder is as follows: This month, 7; December, 4; 1941—January, 4; February, 1; March, 6; April, 12; May, 3; June, 5; July, 3; August, 3.

Hon. Mr. HUGESSEN.

In addition, there have been placed under construction 37 Royal Canadian Air Force permanent stations, of which 18 have already been completed, and the remainder will be completed by the end of next March. It will be noted that these stations are for the permanent service of the Royal Canadian Air Force and form no part of the Commonwealth Air Training Scheme.

But flying schools and the like need flying fields in order to be effective. Under the Civil Aviation Branch of the Department of Transport, existing fields have been expanded and new fields developed to keep pace with the accelerated construction of the training schools. As at September 30, 1940, there were 98 contracts awarded: about half of the work on those has now been completed.

With regard to the other fighting forces, construction has been undertaken of such things as coast defence batteries, arsenals, magazines, anti-submarine booms, structures for housing and servicing of small naval vessels, and a vast number of other works of numerous kinds. I do not want to weary the House with a mass of figures, but I may say that under this heading 51 contracts have been let for military services and 21 for naval services, and of these 29 military and 15 naval have been completed.

Those figures do not, however, include 29 contracts undertaken by the Department of National Defence by day labour, for which all materials were purchased by the Department of Munitions and Supply. Nor do they include the supervision of 11 other construction projects involving plant extensions and new plants for munitions, repair of aircraft, precision instruments, optical instruments, and the like.

The aggregate value of all the construction contracts under this heading I am now discussing was approximately \$89,000,000, exclusive of the construction under the supervision of Allied War Supplies Corporation—one of the wholly-owned Government corporations, to which I shall refer in a moment—and exclusive also of the cost of the extension of private plants, which has been undertaken by private enterprise with capital assistance from the Government.

The third heading is aircraft production. The Canadian aircraft industry has been created to supply three basic needs: first, aircraft ordered directly by the British Government; second, aircraft of the Royal Canadian Air Force for the defence of Canada and for other purposes; and third, the large programme needed for the joint Air Training Scheme. Honourable members will be interested to know that the approximate rate of Canadian production of airframes, that is,

airplanes complete except for engines, is now about 50 a week. More than 11,000 persons are gainfully employed, large amounts of capital assistance have been extended to the industry to expand its productive facilities, and heavy commitments have been made in the United States for airplanes and airplane engines. In terms of money, this whole aircraft and aircraft-engine programme totals about \$171,000,000.

The programme with regard to shipbuilding includes, among many other items, the construction of 54 corvettes on Canadian account and 10 on British account. Of these vessels 31 have already been launched, of which 6 have been delivered, 20 will be delivered in the course of this month, and 5 will be delivered in December.

Turning to minesweepers, honourable members will recall that that programme involved originally the construction of 28 steam-driven vessels for delivery, 5 in 1940, and 23 in 1941. Recently contracts for another 10 of these minesweepers, diesel-driven, have been awarded, with deliveries scheduled for 1941. Of the original contracts for 28 minesweepers 5 have already been launched, of which 2 will be delivered this month, 2 in December, and 1 next January. In addition, 181 smaller vessels of various types have already been delivered, and contracts on many more are being executed. Canada has also acquired and converted for war purposes a considerable number of vessels, yachts and miscellaneous craft. It will be of interest to honourable members to recall that one of these converted vessels recently captured an extremely valuable enemy prize on the Pacific coast.

On the Great Lakes, the St. Lawrence, and the East and West coasts there are now 17 shipyards engaged in building boats of the larger types covered by the programme, such as corvettes and minesweepers. There and elsewhere in Canada are 25 additional shipyards working on the construction of small vessels, such as motor torpedo boats, crash boats, and the like. Honourable members may like to know what crash boats are. They are small and exceedingly fast motor boats to be rushed out to sea to save airplane craft which happen to crash in the ocean. It is estimated that about 14,000 men are now employed in shipyards and industries allied with the shipbuilding programme.

In regard to contracts for automotive equipment, the need of a modern army for mechanized transport of all kinds is now obvious, and Canada was particularly fortunate in having a well-organized and efficient automotive industry. Steps have been taken to tool up that industry for the

production of the various types of mechanical transport necessary. I am not at liberty to discuss all the figures, but \$50,000,000 is approximately the aggregate value of all the equipment ordered, two-thirds of which has already been delivered. To-day the industry is so organized that, if required, certain types of trucks could be produced at the rate of 600 a day on relatively short notice. The industry is also being tooled up to produce certain kinds of special tires, required for military purposes, at the rate of 2,000 tires and tubes a day.

With respect to tanks and carriers: Canada has never produced tanks, but contracts were awarded some little time ago for the manufacture of British infantry tanks for British and Canadian accounts. Canada is to produce the whole tank, including the thick armour plate, but not the engine, which is to be manufactured in the United States. The estimated cost is to be about \$79,000,000, and production is expected to begin next March. Contracts have also been awarded for a large number of Universal carriers. A Universal carrier is a type of small, light-armoured tank carrying a machine-gun and capable of moving at a very high rate of speed. Deliveries of these carriers are expected to begin next month. The aggregate cost of the contract is about \$8,000,000.

May I be allowed to interrupt my remarks to read this communication which has just been placed in my hand:

Mr. Churchill has just made this announcement in the British House: The British Navy has sunk and put out of business one-half of the total Italian fleet since Saturday and Sunday.

Hon. SENATORS: Hear, hear.

Hon. Mr. HUGESSEN: With regard to munitions, honourable members will be interested to know that the capacity of the Quebec arsenal to produce small-arm ammunition has been increased ten-fold since the war began, and will shortly be again very largely increased.

Now, with reference to ammunition for guns, honourable members who served in the artillery in the last war will remember that a round of gun ammunition, that is, a shell ready to fire, includes all the component parts which make up the final product, namely, shell, cartridge, fuse, base plates, primers, driving band, and so forth. Each of these items requires special plants, special equipment and skilled labour for its production. Not only this, but a shell-filling plant

Hon. Mr. HUGESSEN.

is also required for the transformation of the various finished components into a completely finished round of ammunition. Eight plants are actually producing shells, and nineteen are producing shell components. Thirteen additional plants are being tooled up for the production of shells, and four more for the production of components. Plants at present producing are being tooled up for increased capacity. To date, orders of an aggregate value of approximately \$62,000,000 have been placed for shells of various types. Of these well over a million have actually been produced.

On the subject of guns I may say that prior to the outbreak of the war a contract had been awarded in Canada for only one type of gun—the Bren machine gun; 7,000 to be on British account and 5,000 on Canadian account. Actual delivery began in April of this year, and production is now well ahead of schedule. The capacity of the Bren gun plant is being substantially increased.

No other guns are yet in production, although 40 mm. Bofors anti-aircraft gun barrels of a high quality have already been produced in Canada and are being produced now in increasing numbers.

Contracts have been and are being awarded, and tooling is taking place, for the production in Canada, on British and Canadian accounts, of a large number of guns of various types. This programme has involved a large amount of plant expansion and rearrangement. Production of the actual guns will be on a substantial scale in the latter half of 1941.

With respect to chemicals and explosives I may say that modern warfare requires a great variety of chemicals and explosives not ordinarily needed for peace-time uses, or needed only in small quantities. Such chemicals and explosives are the basic need for any munition programme. The list which has been given to me includes the names of some which I am unable even to pronounce. The last of them is known as monoethylaniline. Fifteen separate projects for the production of these chemicals and explosives are now under way, both on British and Canadian accounts. Each project has required the designing and construction of entirely new plants, or the large extension of existing plants. One of the new plants has already commenced operations, and the remainder are progressing satisfactorily. All are scheduled to be in operation by April next.

The whole of the chemical and explosives programme and the projects connected therewith are being supervised by Allied War Supplies Corporation, one of the wholly Government-owned companies to which I shall refer in a moment.

With regard to clothing and equipment, I have a table which, with the leave of the

House, I shall place on Hansard without reading. It consists of three pages, and gives the quantity of clothing and equipment ordered, the quantity delivered to date, and the remainder undelivered. It gives this information, first, for the military services; second, for the Royal Canadian Air Force, and, third, for the naval services.

PURCHASES AND DELIVERIES OF CLOTHING AND PERSONAL EQUIPMENT

Commodity	Unit	Quantity Ordered	Quantity Delivered	Balance
Militia—				
Battle dress blouses.....		547,500	457,176	90,324
Battle dress trousers.....	prs.	552,500	440,034	112,466
Blankets.....	prs.	1,241,365	865,605	375,760
Belts, waist, leather.....		144,300	114,937	29,363
Braces.....	prs.	428,100	312,780	115,320
Boots, ankle.....	prs.	923,300	653,248	270,052
Caps, F.S.....		469,840	384,782	85,058
Caps, comforter.....		300,000	198,334	101,666
Caps, winter.....		286,000	104,032	181,968
Coats, great, drab.....		411,000	241,349	169,651
Gloves, gauntlets.....	prs.	5,000	5,000	nil
Gloves, woollen.....	prs.	310,000	211,404	98,596
Holdalls.....		342,000	204,050	137,950
Housewives.....		455,000	273,161	181,839
Jackets, khaki drill.....		511,870	181,246	330,624
Jackets, sweater.....		361,000	293,652	67,348
Kit bags.....		369,500	229,667	139,833
Mitts, leather.....	prs.	210,000	154,491	55,509
Mitts, woollen.....	prs.	39,140	35,348	3,792
Overalls, blouses.....		230,000	206,106	23,894
Overalls, trousers.....	prs.	260,000	228,552	31,448
Overshoes.....	prs.	227,000	40,775	186,225
Rubbers.....	prs.	89,000	36,400	52,600
Shirts, cotton, khaki.....		246,000	218,463	27,537
Shirts, flannel.....		1,120,900	490,367	630,533
Shirts, service.....		343,000	339,405	3,595
Socks.....	prs.	1,805,120	1,239,875	565,245
Trousers, khaki drill, short and long....	prs.	608,500	183,424	425,076
Trousers, service.....	prs.	190,998	144,800	46,198
Underwear shirts, cotton.....		327,500	327,500	nil
Underwear drawers, cotton.....	prs.	327,500	327,500	nil
Underwear, shirts, woollen.....		783,600	658,114	125,486
Underwear, drawers, woollen.....	prs.	783,600	652,143	131,457
Royal Canadian Air Force—				
Blankets.....	prs.	224,381	170,298	54,083
Boots, ankle, leather.....	prs.	116,500	109,319	7,181
Braces.....	prs.	110,000	110,000	nil
Caps, blue, F.S.....		119,000	91,599	27,401
Caps, winter.....		87,000	65,000	22,000
Caps, comforter.....		115,000	102,500	12,500
Coats, great, warm.....		79,000	76,779	2,221
Gloves, black, leather.....	prs.	154,000	99,640	54,360
Jackets, serge, blue.....		121,000	98,400	22,600
Jackets, sweater.....		125,000	119,858	5,142
Kit bags.....		60,000	60,000	nil
Mitts, winter.....	prs.	79,000	61,391	17,609
Overalls, combinations.....	prs.	121,000	62,090	58,910
Shirts, flannel, S.G.....		203,000	149,118	53,882
Collars, flannel, S.G.....		609,000	452,097	156,903
Shirts, service.....		200,000	166,944	33,056
Trousers, khaki drill.....	prs.	75,000	2,566	72,434
Trousers, serge blue.....	prs.	119,000	119,000	nil
Trousers, service.....	prs.	230,000	204,891	25,109
Underwear, combinations, summer.....	prs.	44,000	44,000	nil
Underwear, shirts, woollen.....		238,000	235,254	2,746
Underwear, drawers, woollen.....	prs.	238,000	231,656	6,344

PURCHASES AND DELIVERIES OF CLOTHING AND PERSONAL EQUIPMENT—*Concluded*

Commodity	Unit	Quantity Ordered	Quantity Delivered	Balance
Naval Services—				
Bags, kit		16,100	9,882	6,218
Blankets, seaman's	prs.	32,425	20,623	11,802
Boots, sea, rubber	prs.	6,400	4,000	2,400
Boots, half	prs.	36,900	32,507	4,393
Caps, white, duck		14,000	14,000	nil
Caps, blue cloth		22,300	21,388	912
Caps, winter		12,700	8,000	4,700
Cases, attache		16,600	11,800	4,800
Coats, duffel		2,725	1,419	1,306
Coats, sheepskin		3,490	465	3,025
Coats, waterproof		3,300	2,500	800
Drawers, woollen	prs.	35,300	30,100	5,200
Drawers, summer	prs.	24,400	15,000	9,400
Gloves, woollen, leather	prs.	11,692	10,642	1,050
Hammocks—slung and unslung.....		28,400	14,402	13,998
Jerseys		66,650	46,250	20,400
Jumpers, serge		30,300	12,317	17,983
Jumpers, duck		29,500	19,006	10,494
Mitts, leather	prs.	19,700	19,700	nil
Oilskin clothing—coats		14,700	10,800	3,900
Jackets		8,650	6,250	2,400
Trousers	prs.	8,650	6,250	2,400
Sou'westers		8,650	6,250	2,400
Overalls, suits, blue	prs.	18,000	8,080	9,920
Overcoats, uniform		19,040	9,915	9,125
Rubbers, low	prs.	16,100	16,100	nil
Shirts, white		20,970	16,970	4,000
Shoes, black, leather	prs.	16,700	15,575	1,125
Socks, thick and thin	prs.	83,882	69,565	14,317
Shorts, drill—recreational.....	prs.	37,800	28,760	9,040
Stockings, thick	prs.	47,960	20,848	27,112
Trousers, duck	prs.	27,400	13,546	13,854
Trousers, serge	prs.	30,300	13,348	16,952
Vests, flannel		53,600	40,698	12,902
Vests, woollen		11,600	10,240	1,360

I have one word to say about the Government-owned companies. The Government has already reported to Parliament, and references have frequently been made in the public Press, respecting the Government-owned companies organized to protect the supply of necessary raw materials, which might be subject to interruption through causes beyond the control of Canada. In addition to the companies already reported upon, honourable members will be interested to know that a similar company has been organized to protect another fundamental commodity. Two additional companies have been organized. One, known as Research Enterprise, Limited, is to produce the scientific instruments required for defence purposes; the other, Small Arms, Limited, is to produce small arms. Citadel Merchandising Company, Limited, another wholly Government-owned company, has continued to facilitate the acquisition and production of machine tools urgently required for the war programme. This company has rendered valuable service to the contractors concerned, and, indeed, to the Dominion itself.

I turn now to another branch coming under the Department of Munitions and Supply, which falls under the heading "Control of

Industry." One of the obligations imposed on the Minister of Munitions and Supply under the Act setting up his department is to examine into, organize, mobilize and conserve the resources of Canada contributory to munitions of war, and the sources of their supply; to explore, estimate and provide for the fulfilment of the needs, present and prospective, of the Government and community in respect thereto; and to take steps to mobilize, conserve and co-ordinate all economic and industrial facilities in respect of munitions of war, supplies and defence projects. To assist in the carrying out of these responsibilities, six Controllers have been appointed as follows:

Oil—G. R. Cottrelle.
 Metals—G. C. Bateman.
 Timber—H. R. MacMillan.
 Steel—H. D. Scully.
 Power—H. J. Symington.
 Machine tools—T. Arnold.

These Controllers are in effect general managers of the industries over which they exercise control. The powers vested in them are set out in the respective Orders in Council under which they were appointed, and are necessarily comprehensive in character.

The principle of control of industry under war conditions is generally accepted as reasonable and necessary, and is actually in effect under the War-time Prices and Trade Board as well as under the Department of Munitions and Supply. I may remind honourable senators that this was referred to by my honourable friend to my right (Hon. Mr. Hayden) in his eloquent speech seconding the Address in reply to the Speech from the Throne.

It is not necessary to give the detail of what each of these Controllers has done, but in a sentence or two I may touch upon their accomplishments.

The Oil Controller has obtained the co-operation of the provincial governments concerned in oil control. The investigations made by him indicate that the requirements of the three Prairie Provinces cannot be met by the productive capacity of the present producing field in Alberta. Consequently, pro-rating of the available crude from this source will become necessary. The Oil Controller has also issued certain orders in relation to additional and un-needed service stations and gasoline pumps, and the use of oil fuel in certain kinds of boilers.

The Controller of Non-ferrous Metals has taken certain steps for the curtailment of the use of aluminum for domestic purposes, in order to release as large a proportion as possible of this essential metal for military purposes.

The Timber Controller has undertaken and successfully concluded a wide programme in furnishing the Government of Canada with its timber needs in connection with an immense building programme during the past summer. He has prevented injurious enhancement of price levels of timber, and has assisted the British Government in connection with the export of Canadian timber to supply British needs which formerly were furnished from Scandinavia.

The Steel Controller has already taken steps to increase the production in Canada of certain alloy steels needed for the munitions programme. Provision is also being made for new capacity of steel production. Prices have been maintained.

The Power Controller is keeping the Government constantly advised of prospective power demands in relation to supply. He is co-operating with the Government with a view to obtaining the most effective use of available supplies. As a result of a recommendation of the Controller, power to the extent of 189,000 horse-power is now being conserved by the continuation of daylight saving time in Ontario and Quebec.

The Machine Tools Controller has taken steps to bring about the more effective use of all available machine tools; has caused machine tools in non-essential industries to be made available in essential industries; has planned for the increased production of machine tools in Canada, and has co-ordinated the supply of all such tools needed in Canada, from whatever source available.

Well, honourable senators, that is the record of what has been done during the past few months by the Department of Munitions and Supply. I think honourable senators will realize that we in this country may well be proud of what has been accomplished by that department, and by the industries for which it is responsible, in the few months which have elapsed since May last, when the true scope of the real effort which we should be called upon to make became clear and plain to us.

Some Hon. SENATORS: Hear, hear.

On motion of Hon. Mr. Duff, the debate was adjourned.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Thursday, November 14, 1940.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

EMERGENCY SITTINGS

CALLING OF SENATORS DURING ADJOURNMENT—MOTION

Hon. RAOUL DANDURAND: Honourable senators, I move the following motion, which will be seconded by my right honourable friend opposite (Right Hon. Mr. Meighen):

That for the duration of the present session of Parliament, should an emergency arise during any adjournment of the Senate, which would in the opinion of the Honourable the Speaker warrant that the Senate meet prior to the time set forth in the motion for such adjournment, the Honourable the Speaker be authorized to notify honourable senators at their addresses as registered with the Clerk of the Senate to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

This motion, I may say, is in the same terms as the motion which was agreed to unanimously last session.

The motion was agreed to.

THE GOVERNOR GENERAL'S SPEECH
ADDRESS IN REPLY

The Senate resumed from yesterday the consideration of His Excellency the Governor General's Speech at the opening of the session, and the motion of Hon. Mr. David for an Address in reply thereto.

Hon. WILLIAM DUFF: Honourable senators, a week ago to-day we assembled in this Chamber for two purposes: one, to be present at the opening of this session; the second, to welcome to this country and to this Parliament His Excellency the Earl of Athlone and his charming consort, Princess Alice. His Excellency opened the session with a Speech from the Throne, addressed both to the Senate and to the House of Commons.

Before dealing with that speech, may I say that we in Canada appreciate the fact that His Majesty King George VI and the Government of Great Britain sent to us so charming a couple as His Excellency and the Countess of Athlone, and we hope their stay in Canada will be both happy and pleasant.

The Speech from the Throne, as usual, omits what honourable members may have expected it to say; and, as usual too, there is some criticism because the speech contains so little. In my opinion that lack may of itself be a good thing. I have for some twenty-four or twenty-five sessions had the honour and privilege of sitting either in this Chamber or in another place in this building, and it seems to me that on a number of occasions more amendments were made to legislation than were necessary. Apparently officials in the different departments, in order, as they thought, to show they were doing their best, passed on to their Ministers certain amendments which, either in the next or the second session after enactment, had to be repealed. So I think that in these serious times in the history of Canada it is perhaps just as well that His Excellency, on the advice, of course, of his Ministers, dealt only with the subject which is of prime importance to all of us in this country.

I think, however, honourable senators, it may be truthfully said that there is something in the Speech of which we should take cognizance. His Excellency's Speech, of course, relates particularly to the war and the aftermath of the war. I will not read the whole Speech, but with your permission I should like to read two paragraphs. The first is the one in which His Excellency says:

The destruction of freedom throughout Europe has awakened, in the western hemisphere, a fuller consciousness of the Nazi menace. In the face of the common peril there has arisen a

Hon. Mr. DANDURAND.

closer association and an increasing measure of co-operation between the United States of America and the nations of the British Commonwealth.

I think, honourable senators, that is a noble sentiment, no matter from whom it may come. If we are to live in peace in this world again after the war, especially those of us who are in this hemisphere, we must be on good terms with our neighbours to the south and with the other nations of the Americas. Therefore we should recognize that this clause in His Excellency's speech is a clause well worth discussing and adopting.

He goes on to say:

You have been summoned at this time that opportunity may be afforded for the fullest consideration and discussion of Canada's war effort and of national problems which the war has served to intensify or create.

There again, I think, is something with which we must deal. Not only the Government of this country, with powers that we as members of this Chamber have not, but also the members of this Chamber and of the representative body sitting in another place must give full and serious consideration to the problems of this country and Great Britain which are due to present-day conditions, and to problems which may arise in the near future.

Those two paragraphs alone are sufficient to justify me in saying that His Excellency has earned our praise for making such a contribution to the history of Canada in the first Speech from the Throne which he has delivered to the people of this country, through the Senate and the House of Commons.

I said a moment ago that there was bound to be criticism because the Speech did not go as far as it might. Knowing myself as I hope I do, and knowing my failings, especially my partisanship, I can realize that there are many people in this country who think "nothing good can come out of Nazareth." I must admit—for open confession is good for the soul—that under other circumstances and with another government in power, whether the Speech from the Throne was drafted by the Governor General himself or whether he was voicing the opinions of his advisers, I might be the first to find fault with it.

On Tuesday night we listened to two very excellent addresses, and, if I may, I should like to congratulate both the honourable senator from Sorel (Hon. Mr. David) and the honourable senator from Toronto (Hon. Mr. Hayden), who, respectively, moved and seconded the Address in reply to the Speech from the Throne. The young senator from Toronto is a new member, but in the speech

he made the other night I think he showed us that he is a representative of the people of this country, and a worthy person to have a seat in this Chamber.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: I was particularly struck by the remarks of the honourable senator from Sorel. In fact, honourable senators, I was never more impressed in my life. In saying this I am not trying to pay him a compliment on the way he delivered his address, but I want to congratulate the community from which he comes on the words which he uttered in this Chamber to those of us who come from other parts of this great Dominion.

My right honourable friend the leader of the opposition (Right Hon. Mr. Meighen) spoke yesterday. I want to say in all truth that while I felt that perhaps on occasion he, like myself, cannot forget he came from a certain breed, yet I was proud of the earnestness and seriousness with which he treated the statements of the honourable senator from Sorel (Hon. Mr. David). My right honourable friend reminds me of a story I once heard about the last war. A Scottish regiment, about to embark for the Dardanelles, was marching down a street in Glasgow, their kilts swinging to the wail of the bagpipes. An old lady was standing on the sidewalk waiting for her son Jock to pass. When Jock came up she suddenly realized that there was something not quite right about the way these Hielanders were marching along, and she turned to her neighbour and said, "They are all out of step but Jock." I am afraid my right honourable friend feels sometimes that the gentlemen who are carrying the heavy burdens which have to be carried at this very important time in our history are out of step with him. That of course is to be expected. But in all honesty I would say this about the right honourable leader opposite: not only is he a loyal Canadian and a loyal citizen of the British Empire, but he wants Canada to do everything that it possibly can do to bring this war to a victorious conclusion.

In these times we hear a great deal of criticism, from the newspapers and on street corners, about the way the war is being carried on. Even in our own homes, some nights when we have not much else to do, we gossip about how we would run the war if we had an opportunity. Like other people, I myself am sometimes critical, but I have made up my mind that during this crisis in our national history, because of the fact that rightly or wrongly our people in March last declared in a very decisive way who should carry on the war and govern us for the time being, I am going to hold my powder as well

as I can and give the Government a chance to see what it is able to do. Perhaps some of the criticism that we hear is justified.

I read in a newspaper not very long ago that a prominent gentleman, who is associated with a great party, stated this was a Liberal war. Well, I am willing to agree with him up to a certain point. In fact, I myself think it is too liberal, because I feel that there should be no war; that it should not be necessary to make this expenditure of life and property in order that peace may be secured on this continent and throughout the world. However, it does seem to me that to call this a Liberal war is rather small talk for anybody. A Liberal war! What does that mean? I admit that perhaps in 1914-1918, when the party I was supporting was not in power, I as a partisan may have criticized the Government and called the war of those years a Tory war. The fact is, as honourable senators know, that there are just as many Conservatives as Liberals in the Army, the Navy and the Air Force. This is not a Liberal war or a Conservative war; it is a war for Canada—for the protection of this country and all that we hold dear. So when a job that a man is after goes to someone else, or when he loses a contract to someone else, he is not justified in saying that this is a Liberal or a Tory war.

When I read that statement about this being a Liberal war I started to think a little. I found that the man appointed by the Government as chief of our overseas forces could not by anybody, however politically blinded, be called a Grit. I think the right man is in the right place, for Lieutenant-General McNaughton is a very brilliant soldier. The Government did a fine piece of work in appointing him, but certainly partisan politics did not enter into the matter.

If you walk down one of the corridors in this building you will see a vacant room. The gentleman who used to occupy that room had a gallant record in the last war. He did not have to go to the present war; he would have been as justified in staying home as any of us are. But almost as soon as war was declared he enlisted and left his good position here. He went overseas as a major, I understand, but he is now colonel of a regiment. Honourable members will know that I refer to Colonel Gregg, V.C., Sergeant-at-Arms of the other House, another good Conservative.

Let me come a little closer to home to make further inquiry about this so-called Liberal war that we are fighting. In my hand I have a copy of the Senate Hansard of May 28

of this year, and I find that an eminent member of this Chamber, who also had a gallant record in the last war, made these remarks:

This is no time for members of the Government to lose their grip and to run around as distracted as chickens with their heads off, seeking help from outside sources. We have within our own country the men and the material to build up an adequate defence if we undertake it along the proper lines. What is needed now is to put some buck under the tails of members of the Government, and that I shall be pleased to do out of the plenitude of it that I myself have at the present moment. I believe the French army has a strong and powerful attack still to deliver from the region of the Maginot line; I believe the British army should not be moved out of Belgium, but should be reinforced there; and I believe that in the end it will be found that Germany has shot her bolt and that we shall win the war.

That gallant gentleman also offered his services when this war broke out. Surely someone in authority—perhaps the Prime Minister or my good friend the leader of the Government in this House (Hon. Mr. Dandurand) or some other member of the Cabinet—must be given a little credit for generosity, because a week or so after that speech the honourable gentleman who made it was appointed Inspector General of the military forces in the West. I am sure honourable members will join with me in congratulating the honourable senator from Edmonton, Major-General Griesbach, upon his appointment, and also in commending the Government for making it, for we realize that he can do a much better job than most of us in organizing troops for defence, either at home or overseas.

No, honourable senators, this is not a war for any political party. God forbid. The war is bad enough as it is, but it would be a lot worse if it were run on a political basis. The boys overseas and the boys in training here showed by their votes last March that those who had enlisted up to that time were about fifty-fifty Grits and Tories.

In his excellent address of yesterday my right honourable friend opposite (Right Hon. Mr. Meighen) referred to a statement made by a gentleman who at the present time holds the position of adviser to the Prime Minister. Well, here is further evidence that this cannot be a Liberal war, because if I know my politics, that gentleman is a Tory, and if I were in the Prime Minister's shoes I should not want to have him around.

Right Hon. Mr. MEIGHEN: I am afraid you do not know your politics.

Hon. Mr. DUFF: Not as well as the gentleman you referred to, for he got a job, and, although I tried last fall to get one at a dollar a year, I did not succeed.

Hon. Mr. DUFF.

In dealing with what was said by that gentleman in Philadelphia my right honourable friend referred to the meeting at Ogdensburg of our real and very good friend the President of the United States and the Prime Minister of Canada, a meeting which will go down in the history of both countries. I presume that in Washington there had been previous conferences at which the views of the British Government were laid before representatives of the American Government. At Ogdensburg certain things were discussed and a number of matters were brought to the attention of our Prime Minister, in order that he might come back here and consult with his colleagues as to what they felt should be done in the best interests of Great Britain, Canada and the United States. The result of that historic meeting, as honourable senators know, was the setting up of a Joint Board of Defence, composed, if I remember correctly, of five members from the United States and five from this country. It is the duty of this board to study and report upon the defences on the Atlantic and Pacific seaboards and in other parts of both countries. Their inspections will also take them down to the Caribbean sea and the West Indies.

Now, I do not want to charge my right honourable friend very particularly with this, but yesterday he referred to the fact that Mayor LaGuardia, who is chairman of the United States section of this board, sometimes talks a little out of turn. I think we should be very careful how we criticize our neighbours, for we all perhaps are apt to say more than we should, or to speak at the wrong time. I feel that President Roosevelt should be commended for appointing a man of Italian birth and a prominent citizen of the United States to be chairman of the American section of the Joint Defence Board, and I submit that instead of criticizing Mayor LaGuardia we ought all to take off our hats to him.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: That board has had several meetings, and while nothing definite has been announced by either Government, yet the fact remains—again I am presuming—that the United States and Canada are going to defend the northern part of the western hemisphere; of course, with the help of Great Britain. I will come to that point in a moment. In the discussions the board decided that naval bases should be established not only in Nova Scotia and British Columbia, but also on the island of Newfoundland. The board further decided, I understand, that air fields and naval bases should be built on the islands of the British West Indies. Mr.

Roosevelt's idea is that, so far as the people of the western hemisphere are concerned, North America and South America should take united action in devising common measures of defence.

May I say, in passing, that I cannot understand why, when the Pan-American Conference was held, somebody from Canada could not have sat in.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: After all is said and done, Canada must take her place among the nations of this hemisphere. Its defence is as important to us as to Cuba, Brazil or any other country.

An Hon. SENATOR: More so.

Hon. Mr. DUFF: Yes, more so. It is of vital importance that we in this western hemisphere, with the help of Great Britain, should be guardians of the seas and the last hope of democracy. I hope to see the day when, with the old Union Jack still flying over Canada, we and the United States and the other countries of this great hemisphere shall unite in a common plan for defence and trade. The great President of the United States convinced his Government that the naval and air bases to which I have referred were necessary for their protection, and 99.99 per cent of our people went to bed that night praying to God for a man like Roosevelt.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DUFF: This idea is something of which we in Canada should be proud. We should also be proud of something else. My right honourable friend yesterday, quite properly, told us that the first defence line of Canada is the British Navy. He is right. What is the second line of defence? Oh, I know we are a proud people; we do not like anybody to do what we think we should do ourselves; and even if we cannot do it, we hate to ask others to do it for us. A girl who marries her sweetheart and goes to her own house does not want to have much to do with her mother for the first nine or twelve months, but when the baby comes the old lady is sent for, to look after it, and even the old-maid aunt has to come and help carry on the work in the house. So I do not feel that in accepting help from the United States, either at this time or in the future, we have to swallow our pride or do something that is not quite proper and correct. Although the British Navy is the first line of defence for Canada and the United States, where should we be to-day but for the United States? Hundreds, yes, thousands of ships

have been laden in the United States with all kinds of cargo, war planes, guns, engines, oil, and other war materials to be convoyed across the Atlantic. If it were not for that heavy and constantly increasing volume of traffic, where would Great Britain be? I cannot quite understand my honourable friend from Sorel (Hon. Mr. David) in his reference to the United States. That was the only part of his splendid address that I did not like. We ought to thank God, not only for Roosevelt, but for the sentiment which now prevails in the United States in favour of sending every possible help to Great Britain. Even had Wendell Willkie been elected recently as President, there would have been, I am confident, no interruption in the steady flow of supplies from the United States to Great Britain.

We have good reason also to be thankful for something else. Recently I was at Halifax and I saw steaming into the harbour eight four-funnel destroyers. Looking out of the window, I said to the gentleman I was talking with, "Those don't look like Canadian or British destroyers." "Oh, no," he said; "that is the third contingent of American destroyers. Twenty others will be sent next week to be fitted out for overseas." President Roosevelt, with the hearty approval of the American people, in the day of our distress, gave to Great Britain as a present fifty splendid American destroyers. I have been in the vessel business for some years. Whenever I sell a vessel I take off everything I can.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. DUFF: In this case what did Mr. Roosevelt do? Instead of taking off armament, provisions, silverware, bedding and everything else, he sent those boats to Halifax so fully equipped from gunwale to keel that there was hardly room for a sailor to sleep. The American people, realizing Great Britain's position, handed over those vessels full of supplies, so that when they reached their destination they would not have to be fitted out. That is one of the splendid contributions the people of the United States have made to us in this war. We know full well that if to-morrow the United States would not sell the British Government any more supplies, it would not be long before the Mother Country would be on her knees—no, she will be never in that unhappy position; but we know very well she could not carry on the war with her present vigour.

Therefore I cannot understand why anybody, no matter what his sentiments may be in regard to his own country, should find any objection to the good-neighbour policy of President Roosevelt. As good neighbours,

Canada and the United States can walk down the road hand in hand. When this terrible struggle is over, these two countries will show to the world that, having lived beside each other in amity for the last hundred years, they, together with Great Britain—the three great democracies—intend to see to it that democratic institutions shall not perish, but shall continue in renewed vigour.

My right honourable friend (Right Hon. Mr. Meighen) was somewhat worried over the few men we have sent overseas. Again, I say, he was right. But this is not the same kind of war as the Great War of 1914 to 1918. If I know anything about this war—I admit I know very little—it will be won in the air, in the Mediterranean and on the Atlantic ocean. The way to win this war is not to send a million or two million troops to be slaughtered on the battle-fields of Europe. The way to win is to blast—shall I say the word? No, I won't. Yes, the way to win is to blast hell out of Hitler through the air.

An Hon. SENATOR: I knew it would come.

Hon. Mr. DUFF: That is the way the war must be won. The British Navy will also help to win it by starving the people of Germany and Italy and making them realize that the British fleet rules the sea. A German raider may get out now and again, but eventually it is either sunk by our cruisers or scuttled by its own crew. The glorious traditions of the British Navy are being upheld by our Canadian boys. In the last few days we have had an instance of how our sailor lads, some from Toronto, some from the plains of Saskatchewan and other parts of the Dominion, and some from Newfoundland, conducted themselves like heroes when the Jervis Bay, an eighteen-year-old armoured merchant cruiser, went down fighting a German pocket battleship. She was sunk, but she saved the convoy. That is the heroic type of men fighting for us. Let us keep our pecker up and save our criticism until after we have won the war. Let us keep our powder dry, and we shall come out triumphant, with the British flag, the grand old Union Jack, still flying, ashore and afloat, as it has flown for centuries and centuries.

We are grateful for the help we are getting from the United States. But, honourable senators, the United States is not giving this for our benefit alone. Whatever help it may give, so far as the defence of this continent is concerned, will be given because Canada is the back door to the United States, and the United States dare not allow the forces of a foreign power to come into Canada.

Hon. Mr. DUFF.

Right Hon. Mr. MEIGHEN: The front door.

Hon. Mr. DUFF: Yes; better still, the verandah door. So I say we can accept, with full confidence and with no sacrifice of our rights on this continent, anything the United States now or in the future may want to do for us and the British Empire.

There is another matter I should like to deal with, for it concerns not only our war effort, but also what may come after peace is declared. I said a few moments ago that the United States and Great Britain and Canada have decided to establish naval and air bases both in Canada and in Newfoundland. I need not describe to honourable members the situation of that island and its importance from the standpoint of defence. A few days ago I noticed this dispatch in the newspapers:

Early action on the sweeping recommendations of the Royal Commission on Dominion-Provincial Relations is urged by Prime Minister Mackenzie King in a call sent out for a Dominion-provincial conference in January to consider implementation of these recommendations.

Mr. King declares steps are necessary to enable Canada to achieve maximum effort in the war.

Now, I think there is not a man or woman in Canada who does not realize that Great Britain is carrying a very heavy burden. In addition to having to look after her own home affairs, she has her colonies and dependencies scattered all over the world. One of these is the island of Newfoundland. We are not doing any more than we should do to help Great Britain win this war, and after reading the statement of the Prime Minister that he will call a conference of the provinces to discuss matters related to the war and the period after the war, I decided that when I came here this afternoon I would make a suggestion to the Government with a view to lightening the burden of the Mother Country. This is not the first time the subject I am about to mention has been discussed. Forty or fifty years ago it was talked about, but nothing was done. In view of Newfoundland's position in the gulf of St. Lawrence and its proximity to Canada, the distance from Sydney to Cape Ray being only seventy-five miles, and from Labrador across the straits of Belle Isle only ten miles, it seems to me that we might do something to aid Great Britain in carrying the burden of responsibility in connection with that island. I think it would be good business for Canada, in the discussion that is to take place with the provinces, to consider the idea of bringing Newfoundland into Confederation and making her the tenth province in this great Dominion.

The island of Newfoundland is a great asset to the British Empire. While it is true that in the last ten years her finances have not been all they might have been, if the matter is looked into carefully it will be found that her condition is no worse than that of our own provinces.

The principal business of Newfoundland is fishing, and the principal product is fish. Last year Newfoundland exported to all countries goods valued at some \$34,943,240. To Canada she exported to the extent of \$3,146,570; to the United Kingdom, \$13,243,676, and to the United States, \$8,168,162.

In the year 1938-1939 her imports from all countries amounted to \$27,912,351. From Canada her imports were \$9,973,700, which shows that Newfoundland is a good customer of ours. From the United Kingdom they were \$6,351,620, and from the United States \$9,408,729.

The production of the Newfoundland fisheries is very important. The product of the inshore cod fisheries in 1938 amounted to \$1,802,500; of the Labrador fisheries to \$1,161,793, and of the Bank fisheries, that is the deep-sea fisheries, to \$991,895. This industry alone employed 25,422 men. As a citizen of the British Commonwealth of Nations I point with pride to the fact that most of those fishermen to-day are manning trawlers and minesweepers in the North Sea, and vessels plying the seas and carrying goods to Great Britain.

The cod oil production was considerable, common oil amounting to 687,927 gallons, with a value of \$175,000, and refined oil to 243,347 gallons, with a value of \$114,384.

The seal fisheries employed 1,459 men. The number of seals caught was 226,747, and their value \$490,664.

The export of salmon, fresh and frozen, amounted to 4,227,573 pounds, with a value of \$338,206; of canned salmon, to 39,456 pounds, valued at \$5,754; and of pickled salmon, to 481,400 pounds, with a value of \$24,070: making a total value of \$368,030.

The export of lobsters, fresh and alive, amounted to 1,385,271 pounds; canned, to 2,554,685 pounds: a combined value of \$267,932.

The export of smelts was 278,904 pounds, valued at \$8,367.

Squid, dried and frozen, was exported to the extent of 1,009,741 pounds and a value of \$60,584. Turbot amounted to 372,632 pounds and a value of \$9,781.

Exports of herring, Scotch-cured, amounted to 5,152,520 pounds, valued at \$61,830; herring, split and salted, to 1,470,563 pounds,

with a value of \$11,029. Fresh and frozen herring amounted to 4,184,790 pounds, valued at \$7,883.

Fresh cod-fish and cod fillets, a new industry in the island, amounted to 1,145,193 pounds, valued at \$25,767.

Halibut, fresh and fillets, amounted to 521,919 pounds, having a value of \$36,535; sunfish to 14,987 pounds, with a value of \$1,198; halibut livers to 11,449 pounds, with a value of \$2,862, and clams and scallops to 18,015 pounds, valued at \$1,801.

Now what about mineral products? Not only to show that Newfoundland is fairly well developed, but also to show something of what can be done, I may say that a few days ago I received from the province of Quebec a newspaper, called the Quebec Miner, which contained an article on the late Sir Wilfred Grenfell. He was the Doctor Grenfell who went to Labrador every summer for many years to look after the sick. I shall read only one paragraph:

The late Sir Wilfred Grenfell stated many times that, given roads capable of even eight to ten miles an hour, Labrador would surprise the world. To its natural resources of timber, water-power and minerals has now been added one of the major iron ore ranges of the world, and Sir Wilfred's dream of the development and colonization of this vast area should in the next few years become a reality.

Canadian Labrador and Newfoundland Labrador border on each other, and in my opinion it would be a great thing if all that territory were part of this Dominion.

Last year Newfoundland produced 1,680,280 tons of ore, with a value of \$4,284,543. Limestone was produced to the extent of 187,480 tons and a value of \$188,480. The production of lead concentrates amounted to 47,119 tons, valued at \$1,342,326; copper, 32,865 tons, with a value of \$1,466,879, and zinc 122,084 tons, with a value of \$977,316. Graphite was produced to the extent of 365 tons and a value of \$134,281. The fluorspar production was 14,000 tons, and the value \$84,000. Pyrophyllite production amounted to 1,000 tons, valued at \$1,490.

I would remind honourable senators that the iron ore supplied during recent years to the industries in Sydney, Cape Breton, and in New Glasgow, came from the island of Newfoundland.

I come now to newsprint, the export of which amounted last year to 262,777 tons. Of this quantity 183,920 tons went to the United Kingdom and 78,857 tons to the United States. In addition, 145,035 cords of pit props were exported.

As I said a few moments ago, the finances of Newfoundland are not in nearly as bad

shape as some of us have been led to believe. There is only one government in the island. There are no provincial governments, and outside of the city of St. John's, the capital, there is no municipal government. The estimated receipts and expenditures of Newfoundland for the year 1940-1941 are as follows: ordinary expenditure, \$13,825,091; reconstruction expenditure, \$1,534,874, and special expenditure, \$90,000. This is a total of \$15,449,965. The revenue is estimated at \$13,525,116. This leaves a deficit of \$1,924,849, which is not a very bad showing in view of the fact that Newfoundland, like every other country, has spent a great deal of money in fitting her boys to go overseas.

We hear a great deal about the public debt. If this Government decided to approach the British Government, the public debt would be a subject for consideration. Newfoundland's debt covers everything, including what we call provincial, municipal and federal debt. First of all, there is a bonded indebtedness of £17,790,000 at three per cent. In addition there is an amount of £58,759, also at three per cent, which is guaranteed by the Government of the United Kingdom, and there is a bank loan of \$625,000, at three per cent. To show you how closely we are related to Newfoundland, I may say that this loan was advanced by the four Canadian banks doing business in Newfoundland, and was guaranteed by the Dominion Government. Then there is the war loan of 1940, amounting to \$1,500,000, with interest at the rate of three and three-quarters per cent. The total interest on all these debts amounts to \$2,723,293.

I think we all agree that Nova Scotia is one of the best administered provinces in the Dominion. The provincial public debt of that province, after sinking funds have been deducted, is—I give the net figure—\$72,000,000 as compared with Newfoundland's \$120,000,000 for all purposes. But in Nova Scotia there are in addition, in the different municipalities, debts amounting to \$31,000,000. Then you will find that Nova Scotia's proportion of the federal debt amounts to \$160,000,000, and its proportion of the railway debt is \$90,000,000, these figures making a total of \$353,000,000.

This being so, it seems to me that in any discussion about Newfoundland entering Confederation the question of debt would not have very much bearing. Whether it has or not, I respectfully submit to the Government and to the leader of the Government in this House that at this time, when Great Britain is fighting for her life and is burdened with heavy cares and responsibilities, and particularly in view of the fact that the United States and Canada have joined with Great Britain on the matter of the defences

Hon. Mr. DUFF.

of the northern part of the western hemisphere, a plebiscite should be taken in Newfoundland, if necessary, in order to ascertain the feeling of the people. There might be some objection to that in Newfoundland, but I think the great majority of the people now realize the mistake they made a number of years ago when they declined to join with us, and they would now be glad to come in and form part of this great Dominion. My principal purpose in rising at this time is to suggest that instead of six months, a year or two years being spent on this question, it could be settled in a very short time by five business men from this Chamber, including a lawyer, and five business men from Newfoundland, also including a lawyer. They would decide within a few hours whether it would be a good thing for Newfoundland, under certain pertinent conditions, to become part of Canada. I respectfully suggest to my honourable friend the leader of the Government in this House that he submit this proposal to his colleagues. In the first place, however, some stated policy should be submitted to the British Government for the purpose of ascertaining how it would regard the entrance of Newfoundland into Confederation.

Some Hon. SENATORS: Hear, hear.

Hon. JOHN T. HAIG: Honourable senators, I do not intend to take up much of your time this afternoon. I trust that the honourable gentleman who has just spoken (Hon. Mr. Duff) will not feel hurt if I do not follow him in his remarks. First I should like to congratulate the mover and the seconder of the Address, the honourable senators from Sorel (Hon. Mr. David) and from Toronto (Hon. Mr. Hayden). I was glad to hear what the honourable gentleman from Sorel said about the province of Quebec and its people. They are part of Canada, and unless they and we, the English-speaking people of this country, are united, we cannot achieve the maximum possibilities Canada holds for us. I was much interested in the remarks of the honourable gentleman from Toronto; but, if I may say so, I think he knows more about sugar than he does about wheat. While I agree that it might be a good thing to have a committee of inquiry investigate possible uses for our surplus wheat, I am persuaded that the quantity which could be diverted to the uses suggested by the honourable gentleman would be only a drop in the bucket as compared with the crop the Prairies are capable and desirous of producing.

I have no criticism to make of the speeches delivered by the honourable leader of the House (Hon. Mr. Dandurand) and the right honourable leader on this side (Right Hon.

Mr. Meighen). Our two leaders are masters of debate, gentlemen of long experience in Canadian affairs, and we are proud indeed that they are members of this Chamber.

Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: I do not intend to enter upon a general discussion of the Government and its policies. I want to deal with only one question, and that in but a minor way. But before coming to that I desire to make a suggestion, though I presume I shall be subjected to criticism for it. I am persuaded that a small committee of the Cabinet, a War Cabinet, should be formed to co-ordinate the war effort of this country. It seems to me to be beyond the limits of human ability for some Ministers to do what they are required to do, if our war effort is to be properly co-ordinated. In the part of Canada from which I come the newspapers and public men, irrespective of politics, are demanding that a small co-ordinating War Cabinet be appointed.

There is one other point that I want just to touch upon here. I believe we shall not be capable of our maximum war effort in Canada until the Government gives greater recognition to labour. Under present conditions, it appears to me, labour has not a proper representation in the making of our war policies. I know that I am on dangerous ground, for in this country we have some labour elements that lean very much towards the Red; but, by and large, Canadian labour is a fine body of people, as loyal as anyone can be to our country and our Empire. I believe that some move towards greater representation of labour should be made by the Government at an early date, because I am inclined to agree with Grant Dexter, who in a recent issue of Maclean's magazine said there is going to be a clash between the industrial and the military demands for men. By "military demands" I mean demands for men in all the various branches of the armed forces.

In the past two days we have listened to speeches by representatives from the provinces of Ontario and Quebec, and we have just heard a representative from the Maritimes. I should like to say a few words with particular reference to our Western country. Before referring to the West's most serious problem, I want to say that the Sirois Commission's report, which is to be considered by representatives of the federal and provincial governments in January, is, I think, almost unanimously accepted by the people of Manitoba, Saskatchewan and Alberta, and by a great majority of the people of British Columbia. Some opposition to the report will, no doubt, come from Ontario and Quebec. It is not that these provinces are

less loyal to Canada or less desirous of seeing the country progress than are the others, but adoption of the report would unquestionably result in a heavier burden of taxation upon these two provinces than they are bearing now. We may as well face that fact. But the whole of Canada is greater than any part, and the prosperity of the industrial provinces, Ontario and Quebec, is dependent upon that of the agricultural Prairies. Therefore the representatives of Ontario and Quebec should go to that conference ready to make a contribution to the welfare of Canada as a whole.

I congratulate the Government on calling the conference, but I want it to do more than that. I want it to put pressure—I mean, in the proper sense of that term—upon the two central provinces, to get them to realize their responsibilities in our country. For, honourable senators, the Commission's report should be adopted, not only in the interest of our war effort, though its adoption is important on that ground, but in the ordinary peace-time interests of Canada. While the Western Provinces probably have spent too much money in the past and are now carrying too large a bonded indebtedness, it must be said candidly that in making our expenditures we were not discouraged by Ontario and Quebec or the financiers in those provinces. So, if we are guilty of over-expenditure, a good many people are accessories after the fact.

Hon. Mr. HUGESSEN: Before the fact.

Hon. Mr. HAIG: Yes, before the fact.

The chief criticism I have to make of the Government is with respect to its agricultural policy over the last year and three or four months. I do not believe the Government has realized how important the welfare of the agricultural communities is to this country's war effort. I am not sufficiently well informed to speak with authority on behalf of the Maritime Provinces, Ontario, Quebec or British Columbia, but I feel, honourable members, that I may speak with some authority as to the three Prairie Provinces, and I want to say at once that from the point of view of agriculture in these three provinces we are in a desperate state. True, we are getting a fair price for our bacon, and, at the present moment, for our cattle, but the basic industry of that country, wheat production, is in an awful condition. Now, I do not criticize the Government—in fact, I compliment it—for setting the price of wheat last fall at 70 cents a bushel. Of course it would be politically popular on the Prairies to say that we should have got 87½ cents, 90 cents, or \$1, or even, as I believe some people suggested,

\$1.25. However, in my opinion, considering the general financial situation and the fact that we are engaged in a terrible military struggle, the Government did well in setting the price at 70 cents a bushel at Fort William. But I do criticize the Government for not announcing its wheat policy until virtually the end of the crop year, the 31st of July. You have only to talk to any Western business men, farmers, or grain merchants to hear the complaint that the Government's policy as to the handling of wheat—not as to the price—was kept a secret until about the first of August. That is a serious criticism. When I left here in early August I was besieged by people asking what they were going to be able to do with their crop.

Let me briefly outline the wheat set-up. Canada has storage accommodation for about 450,000,000 bushels. The other day the honourable senator from Toronto (Hon. Mr. Hayden) said 425,000,000, but I think the capacity is at least 25,000,000 more than that. In the last three months some increase has been made by subsidiary granaries alongside the elevators; so let us put the outside figure at 500,000,000 bushels. On the last day of July, which is the end of the crop year, we had on hand 300,017,000 bushels. The crop will produce a yield somewhere between 550 and 560 million bushels. The last estimate was 561,000,000, but let us say 550,000,000. That will give us a total of 850,000,000. The very most that we can use in this country is 150,000,000; therefore, after our own wants are taken care of, there will remain 700,000,000 bushels. If Great Britain takes 200,000,000 bushels of this year's crop it will do well. That is more than it ordinarily requires. In past years a larger quantity than that was sent over there, but a good deal of it was re-exported. Estimating the British requirements at 200,000,000 bushels, we can see that at the end of the crop year, next July, we shall have 500,000,000 bushels on hand. As that is the utmost we can store, there will be no accommodation whatever for the 1941 crop. If that crop comes up to the fairly low average for the last ten years, a considerable quantity will have to be kept in granaries or dumped out on the land. This fall, near Elm Creek, I saw some 30,000 bushels dumped on the ground and covered over with straw. I submit, honourable members, that within the next two months the Government ought to lay down a policy in regard to next year's wheat crop.

Hon. A. L. BEAUBIEN: What would you suggest?

Hon. Mr. HAIG.

Hon. Mr. HAIG: I shall come to that, but for the moment I want to make a digression. We do grow oats, barley and flax out there, and, in parts of Manitoba and Alberta, sugar beets. The three Prairie Provinces also produce a good many hogs and a fair number of cattle. Manitoba in particular is diverse in its farming operations. However, the economic life in the three provinces is largely dependent upon wheat. When I was a boy on the Prairies, fifty years ago, my father talked about wheat as if it were gold. We used to say that wheat was as good as gold. In fact it was better, because everybody knew all about the grades of wheat and what they were worth. That was true right up to 1932 or 1933, when we suddenly found that it was not always possible to sell wheat. We know we cannot sell our wheat. I am persuaded, honourable members, that we must try to find some solution of this problem. I realize there will be a clamour from the West that 70 cents a bushel is not enough, but let me assure the honourable leader of the Government (Hon. Mr. Dandurand) that so far as my voice and vote are concerned I will back the Administration in its stand.

This year we have 27,000,000 acres in wheat. Of these I estimate about 15,000,000 acres to be either what in the strict sense of the term we call summer fallow, or land that probably bore a crop of clover and was broken up in July. I am not sure of the exact figure, but probably 12 or 14 million acres were in second-crop wheat.

This is my suggestion: Next year allow each farmer to sow one-third of his cultivated land in wheat, to summer-fallow one-third, and to cultivate the remaining one-third for his own use, but not for wheat. For each acre of land summer-fallowed, up to one-third of the acreage under crop, let the Government pay the farmer \$5.

My estimate, which is subject to challenge, is that about 12,000,000 acres will cover the summer fallow, which at \$5 an acre would represent a total payment of \$60,000,000. Those 12,000,000 acres produced this year about 240,000,000 bushels of wheat. Reducing this quantity by 40,000,000, you have left 200,000,000 bushels, which at 70 cents a bushel amounts to \$140,000,000 as the sum the Government will pay next year if its present policy is continued. That wheat is valueless unless the war ends. But, remember, the elevators are full, and another 500,000,000 bushels will have to be taken care of next July. My proposal would result in a saving, in round figures, of from \$75,000,000 to \$80,000,000. This further advantage would accrue, that when the war does end the land would be in such shape that the farmers could produce

crops for years to come, and this would help us solve the problem of feeding the starving people in Europe.

Of course, there will be criticism of my proposal, but, honourable members, I would point out that by its adoption the acreage at present under wheat would be cut down to the extent of 12,000,000 or 14,000,000 acres—certainly, not less than 12,000,000—and it would drive some farmers into growing a crop other than wheat. Many of our farmers have nearly 45 per cent of their land in wheat and only a very small acreage in oats and barley. This is because we are becoming a mechanized country. I know many farms with only one team of horses.

Hon. A. L. BEAUBIEN: There is no market for oats or barley.

Hon. Mr. HAIG: I know. I am coming to that. My proposal would affect a greater acreage in the case of farmers devoting 45 per cent of their land to wheat, but it is a fair division for the whole country, taking the big farms with the little. Furthermore, it would result in the land getting into better condition. I may be told that \$5 an acre is too much to pay for summer fallow, but it should be borne in mind that provision must be made for cost of labour, interest on capital, taxes, and so on, and I believe that the figure I have suggested is the least at which the farmers of the West can carry on economically during the years to come.

If we do not do something for the grain farmers there will be tremendous dissatisfaction throughout the West. Besides, this policy would have a strong reaction on the people of the three Prairie Provinces, and ultimately you would have them raising hogs, cattle and poultry and going into the production of butter, cheese and eggs.

Honourable members may be surprised to learn that this year, at nine of the leading exhibitions in Canada, Manitoba carried off more than 50 per cent of the first prizes for butter. It has been doing so for the last sixteen years. The farmers of Quebec and Ontario may think they are very good butter makers, but the butter makers of Manitoba have demonstrated their ability in this line. The farmers of Manitoba have already gone into beet sugar production, and I thank the Government of the province for assisting the industry. It is already a very prosperous industry in Alberta, and we in Manitoba are looking forward to similar success. But, after all, the fundamental stability of the West depends on a reasonable return to the farmer for his grain crop. Indeed, parts of Manitoba, Saskatchewan and Alberta can grow nothing but grain.

I trust that my suggestion will be carefully considered by the Government in the spirit in which I make it. I want to see the war effort of this country expanded to the fullest extent. I venture to say that none of us wants to criticize. True, when the war is over we may turn our attention to those who were responsible for such things as we may feel justified in criticizing, but for the present time we have to keep our domestic situation in hand if we are to render effective help overseas. I have listened to letters from Canadians over there. They do not write about how the war is to be won, or about the Government raising more forces. They want to know how things are going back home. If the West asks for something impossible, the request will meet with little sympathy. I submit that my proposition is not impossible at all. On the contrary, it will lend stability to the West, and this, I think, is what we need, particularly during war-time.

Some Hon. SENATORS: Hear, hear.

Hon. NORMAN P. LAMBERT: Honourable senators, I should like to deal briefly with an important point which was raised in this debate yesterday, the reference of my right honourable friend (Right Hon. Mr. Meighen) to what occurred at Ogdensburg. I quote from page 12 of the Senate Hansard:

Has Canada entered into an agreement or pact with the United States to defend that country in certain eventualities?

It was, I think, suggested that the relations which involve the common defence interests of these two countries began with the Ogdensburg conversations and what has been described as a pact or agreement. Actually what occurred at Ogdensburg was expressed with as great significance two years ago in the city of Kingston, and at Woodbridge, Ontario. In Kingston on August 18, 1938, President Roosevelt said:

We in the Americas are no longer a far-away continent, to which the eddies of controversies beyond the seas could bring no interest or no harm; instead, we in the Americas have become a consideration to every propaganda office and to every general staff beyond the seas. The vast amount of our resources, the vigour of our commerce and the strength of our men have made us vital factors in world peace whether we choose or not.

Happily, you and we, in friendship and in entire understanding, can look clear-eyed at these possibilities, resolving to leave no pathway unexplored and no technique undeveloped which may, if our hopes are realized, contribute to the peace of the world. Even if those hopes are disappointed, we can assure each other that this hemisphere at least shall remain a strong citadel wherein civilization can flourish unimpaired.

The Dominion of Canada is part of the sisterhood of the British Empire. I give to you assurance that the people of the United States will not stand idly by if domination of Canadian soil is threatened by any other empire.

We are good neighbours and true friends because we maintain our own rights with frankness, because we refuse to accept the twists of secret diplomacy, because we settle our disputes by consultation and because we discuss our common problems in the spirit of the common good.

In a speech at Woodbridge, Ontario, on August 20, two days later, the Prime Minister, Right Hon. Mackenzie King, uttered these words:

Our people will expect me to express their warm appreciation of the assurance which the President has given directly to them that the people of the United States will not stand idly by if domination of Canadian soil is threatened. Every utterance by the Press and others throughout Canada during the past two days has testified how greatly we value this assurance, and how well we understand it. We know that these words of assurance are the words of a friendly people and neighbour. We are glad that our common affairs have been so managed, and our mutual confidence so established, that such words can be frankly spoken and received without reserve. We realize that there is here no thought of military alliances, which are not a part of the tradition of the people of the United States nor of our own. We recognize the President's words as fresh evidence of the special neighbourly relations which have grown up between Canada and the United States, and we are glad that we are valued as a neighbour.

And, as Mr. Roosevelt has said, we are good neighbours and true friends because we maintain our own right with frankness. As I have already said, the people of Canada deeply appreciate all that is implied by the President's visit. At the same time, they know they have their own responsibilities for maintaining Canadian soil as a homeland for free men in the western hemisphere. They will recognize that there is no room to-day for shirking these responsibilities. Indeed, the times being what they are, they will be quick to see that the assurance given by the President has, if anything, increased rather than lessened our responsibilities.

We, too, have our obligations as a good friendly neighbour, and one of them is to see that, at our own instance, our country is made as immune from attack or possible invasion as we can reasonably be expected to make it, and that, should the occasion ever arise, enemy forces should not be able to pursue their way, either by land, sea or air to the United States, across Canadian territory.

I submit, honourable senators, that in those two quotations are to be found the full content of anything that occurred at Ogdensburg, and that they represent fully any commitments that may have been made between these two countries.

In conclusion, as bearing very directly upon the relations which have been so clearly crystallized between these two countries, I should like to quote from a very prophetic

Hon. Mr. LAMBERT.

statement made on March 10, 1938, in the course of an address given at Chatham House, in London, by Dr. Arnold J. Toynbee, one of the outstanding historians of the English-speaking world, who for many years has been a director of studies at the Royal Institute of International Affairs. His address, delivered just on the eve of the Austrian putsch, dealt with the issues in British foreign policy, and in examining the different courses of that policy which confronted the Empire he said, in part:

First let us ask ourselves: Can we maintain the nineteenth-century Pax Britannica in these twentieth-century circumstances?

I think there will probably be general agreement that this is impossible for several reasons: first, because two great powers, the United States and Japan, are now outside our British naval ring round Europe; secondly, because the narrow seas round Europe—the Mediterranean, the Channel, the North Sea and the Baltic—can now no longer be controlled by sea-power, or anyway not exclusively. They have passed, at least in part, under the control of land-power using the air arm. In the Great War, for instance, the Baltic was controlled by Germany, and from the air England was attacked directly by an enemy for the first time since the Dutch fleet sailed up the Medway. It was the first direct hostile attack on our country since then! But under present post-war conditions London is said to be one of the most vulnerable cities in the world. If, in these changed circumstances, any great power were to set itself to undertake the task of maintaining a political world order—even of so rudimentary a kind as the nineteenth-century Pax Britannica—out of its own unaided strength, it would have to be a power of the continental scale and structure which the United States and the Soviet Union possess already, and which Japan and Germany would come to possess if they were to achieve the great ambitions with which they are credited in the Far East and in Central Europe respectively.

A further reference which bears very directly upon the same matter was made by the same speaker in the same address, in these words:

The game of the triangle powers is perhaps unlikely to succeed. If they do force the world into a competition for military supremacy, leaving no choice except conquest or downfall, then I believe that the victory in that awful struggle will go, not to those powers, but to some great power that combines a continental structure with a command of modern technique (and corresponding material resources) and with democratic institutions to give its people staying power. This combination of winning points is only to be found in English-speaking North America. . . . But we may be certain that a British Empire pivoting—as any British Empire must—on the United Kingdom will not be in the running in that competition for world supremacy.

In quoting these words from Mr. Toynbee's address of two years ago, I am simply bringing to bear on this question now the viewpoint of a well-known, probably the best

known, historical student in the British Empire, and one who cannot be accused of attempting in any way to evade the facts or to reflect discreditably to any extent on the actions or the historical perspective of any part of the British Empire.

Finally I should like to add that I, in common with a goodly number of younger people who have been observing for the last twenty years the affairs of this country and its relation to the rest of the world, have had great respect for the contributions that have been made in the Houses of Parliament, and outside for that matter, by my right honourable friend who spoke yesterday (Right Hon. Mr. Meighen). I can recall very distinctly his visit to London in 1921, and the contributions which he made there in laying the foundation, if I may say so, for materially closer relations between the English-speaking part of this continent to the south of the line and the British Empire. I thought then, and I still think, that he was very much on the side of the angels at that time. It is my sincere wish—and I know I express the desire and the hope of many of my friends—that the future may find the right honourable gentleman devoting his exceptional talents in the same direction, towards binding more closely together in common interest the English-speaking parts of this world; because I for one believe most earnestly that the words of the Prime Minister, uttered in the debate on the Address in reply to the Speech from the Throne in the other House, to the effect that this agreement, or whatever you may call it, marks the beginning of a new world era, were not exaggerated in the slightest degree.

Some Hon. SENATORS: Hear, hear.

The Address was adopted.

ADJOURNMENT OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators have all taken notice of the resolution unanimously adopted by the Senate this afternoon, which reposes in His Honour the Speaker the right to call the Senate at any time he deems necessary. This power granted to His Honour the Speaker justifies me in moving that when the Senate adjourns this evening it do stand adjourned until Tuesday, December 3, at 8 o'clock in the evening.

The motion was agreed to.

The Senate adjourned until Tuesday, December 3, at 8 p.m.

THE SENATE

Tuesday, December 3, 1940.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SHIPBUILDING—DISTRIBUTION AMONG PROVINCES INQUIRY

Hon. C. E. TANNER: In addition to the two inquiries of which I have given notice, and to which, of course, I do not expect answers until after the long Christmas vacation, I desire information in regard to another matter.

I observe that in a statement which the Minister of Munitions and Supply made recently in another place he said that 181 small vessels of from 25 to 27 different types had been built and delivered to the Department of National Defence for Naval Services. It is intimated that contracts have been let for a large additional number. In the document from the Director of Public Information I notice that there are to be, in all, 350 of such ships.

I wish to be informed of the number of each type of ship built in each province. We in Nova Scotia are very much interested in shipbuilding, and we want to know whether or not we are getting a fair share of this work.

Incidentally, we should also like to know whether the Government has under consideration the advisability of building wooden cargo ships, as was done during the last war. I am making no comments. Everybody knows that cargo ships are very much needed to-day. We expect to sell a large quantity of food-stuffs and other goods to Great Britain, and it seems to me we ought to be willing to provide bottoms for the cargoes, instead of putting on England the whole burden of providing the transportation.

If my honourable friend (Hon. Mr. Dandurand) prefers, I will put the question on the Order Paper. Perhaps, however, he can hurry up the departments concerned and give me a reply before the Senate closes this week.

Hon. RAOUL DANDURAND: There would be no particular advantage in my honourable friend's placing his question on the Order Paper. His remarks will appear in the Senate Hansard, and I will bring them to the notice of the Minister of Munitions and, if necessary, the Minister of National Defence for Naval Services.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: I understand that the discussion on the Speech from the Throne, which is still in progress in another place, will end this evening. If so, the two bills based on the resolutions which the Minister of Finance introduced yesterday may reach us late to-morrow afternoon. In view of this, I would move that the House adjourn until 5 o'clock to-morrow afternoon.

Right Hon. Mr. MEIGHEN: "That when the House adjourns it stand adjourned until 5 o'clock to-morrow afternoon?"

Hon. Mr. DANDURAND: Yes. I move that when the House adjourns this evening it stand adjourned until to-morrow afternoon at 5 o'clock.

Hon. Mr. McMEANS: Is it proposed to adjourn Parliament to-morrow?

Some Hon. SENATORS: No, no.

Hon. Mr. DANDURAND: No. The two bills we are expecting, concerning excise and customs, may reach us to-morrow afternoon. We shall have to deal with them and they will be given the Royal Assent before there can be any adjournment.

Hon. Mr. CALDER: We may sit a week.

Hon. Mr. DANDURAND: Perhaps the bills to which I have referred can be disposed of by Thursday evening. In that case we may then adjourn for the Christmas vacation at the same time as the Commons.

The motion was agreed to.

The Senate adjourned until to-morrow at 5 p.m.

THE SENATE

Wednesday, December 4, 1940.

The Senate met at 5 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL
FIRST READING

Bill B, an Act to incorporate General Security Insurance Company of Canada.—
Hon. Mr. Beauregard.

MOTION FOR SECOND READING

Hon. Mr. BEAUREGARD: Honourable senators, with the leave of the House I would move the second reading of this Bill now.

Hon. Mr. DANDURAND: I should like my honourable friend to give some reason why we should take the second reading now.

Hon. Mr. DANDURAND.

Hon. Mr. BEAUREGARD: The only reason, honourable members, is that this House is expected to adjourn very soon and I should like to have the second reading given before adjournment.

Hon. Mr. DANDURAND: I do not think there will be any sittings of committees before the adjournment, or that notice could be posted up sufficiently in advance to permit the committee to inquire into this matter. I think my honourable friend would lose no time if he were to postpone his motion for second reading until the day after to-morrow.

Hon. Mr. BEAUREGARD: I would move, then, that the second reading of the Bill be put down for the day after to-morrow.

Hon. Mr. McMEANS: I should like the honourable gentleman to say what the object of this Bill is.

Hon. Mr. DANDURAND: What is the motion?

The Hon. the SPEAKER: The motion is that this Bill be considered for second reading the day after to-morrow.

Hon. Mr. McMEANS: I think we are entitled to an explanation from the mover of the Bill as to what the object is.

Hon. Mr. DANDURAND: I understand the motion is to put the second reading of the Bill down for the day after to-morrow. So the rule has been observed.

The motion was agreed to.

ADJOURNMENT OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, there may be some members of this Chamber who believe we have had very little business to do to-day. I should like to remind them that we have done a full day's work. In 1898, when I entered this Chamber, we used to adopt the Address within twenty-four or forty-eight hours, but the House of Commons generally spent two or three weeks on it. In the meantime, while waiting for legislation to come over to us, we met every day and had the prayer. That was all we did, but we felt we had done a good day's work.

Having offered these consoling remarks, I move the adjournment of the Senate. The Bills that we are expecting will, I hope, have reached us by three o'clock to-morrow afternoon, but if they are not here then we may have them by eight o'clock in the evening, or on Friday. We are here awaiting legislation from the House of Commons.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Thursday, December 5, 1940.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SHIPBUILDING—DISTRIBUTION AMONG PROVINCES

INQUIRY STANDS

On the notice of inquiry by Hon. Mr. Tanner:

1. Of the one hundred and eighty-one smaller types of vessels which it is stated (see page 290 of House of Commons Debates of date November 20, 1940) have been delivered, what is the number of each of the types of such vessels built in each of the provinces?

2. Of the one hundred and seventy (or thereabouts) additional smaller vessels of the same types that are stated now to be under contract, what is the number of each type of such vessels contracted for and to be built in each of the provinces?

3. Is the Government considering the advisability of having wooden cargo ships built in Canada for the purpose of moving Canadian products and goods to England?

Hon. Mr. DANDURAND: I took it for granted that my honourable friend did not expect to receive answers to his inquiries before the long adjournment.

The Hon. the SPEAKER: Stand.

The inquiry stands.

BUSINESS OF THE SENATE

On the motion to adjourn during pleasure:

Hon. RAOUL DANDURAND: Honourable senators, it is obvious that the finance bills which we are awaiting from the House of Commons will not reach us this afternoon. I do not believe we shall have them this evening; and, indeed, I shall be surprised if they are here to-morrow. I would suggest that the Senate adjourn until 8 o'clock this evening, by which time I may know whether it will be necessary for the Senate to make a further adjournment until next week. I am under the impression that it will be necessary to do so, as it is unlikely that the Bills will come over to us to-morrow, Friday. However, on that point I shall be in a better position this evening to give the views of the Government, for whom I am speaking. We could, of course, call it six o'clock now, but that would be ridiculous. So I will move that the Senate adjourn during pleasure, on the understanding that we shall return here at 8 o'clock to-night.

The Senate adjourned during pleasure.

The Senate resumed at 8 p.m.

Hon. Mr. DANDURAND: Honourable senators, sometimes towards the end of a session, having disposed of all other legislation from the Commons, we have to wait two or three days for the Supply Bill. I cannot say that the two bills we are now expecting are exactly of the nature of a Supply Bill, but I might characterize them as money bills, and certainly they constitute the last legislation we shall receive from the Commons before the Christmas adjournment. For the information of newcomers to this Chamber, I may say that the Supply Bill reaches us in the last hours of the session. As honourable members are aware, we cannot amend a Supply Bill. We can reject it; but the Senate has never taken so drastic a step. True, the leader on the other side may express his views as to expenditures generally and register his protest with respect to certain items. That, however, is the extent of our disapproval. Then we pass the bill. I am told there is some hope that the two bills to which I have referred may reach us to-morrow. In the circumstances, I move that when the Senate adjourns this evening it stand adjourned until 5 o'clock to-morrow afternoon. This does not mean that if we find the Commons may send the bills to us later to-morrow we shall not again adjourn until the evening. However, at the moment I am quite sure they will not reach us before the hour mentioned.

The motion was agreed to.

Hon. Mr. DANDURAND: Yesterday I stated what had been the practice for a number of years when I entered this Chamber, in 1898. At the opening of the session we used to adopt the Address within twenty-four or forty-eight hours, but the Commons generally spent two or three weeks on it. Later in the session the Budget debate would extend over about the same period. Though the senators of those days were much younger than I am now, they seemed to me to be hovering around seventy or eighty years of age. They were very dignified and sedate, and apparently took pleasure in being present each afternoon for prayers. If no such pleasure is evinced to-day, it implies no reflection upon His Honour the Speaker. Indeed, he is commended on all sides for the manner in which he discharges the duty of reading the prayers in English and in French—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: —and I congratulate him on his success in this particular. But I desire to inform new senators—and perhaps my right honourable friend (Right Hon. Mr. Meighen) himself is not aware of the fact—that at its inception in 1867 the Senate of Canada followed closely in the footsteps of the House of Lords. In his capacity as chaplain to the Senate, the Anglican Archbishop in Ottawa would enter the Chamber with the Speaker, and, kneeling by the table, would in solemn tones say the prayers, which then were considerably longer than they are to-day. That was all the Senate did each day during the two or three weeks the Commons were spending on the Address or on the Budget; but, at any rate, we felt that we had done a good day's work and were somewhat sanctified by the impressive prayers to which we listened. When the Archbishop died, other denominations contended that the Anglican church should not have a monopoly of the honour, but that it should go round from one church to another. As the claims of the different churches were pressed somewhat strenuously, the Prime Minister, Sir Wilfrid Laurier, decided to settle the difficulty by asking His Honour the Speaker to read the prayers; and since that time, by reason of the change, the State has benefited to the extent of £200 a year.

The Senate adjourned until to-morrow at 5 p.m.

THE SENATE

Friday, December 6, 1940.

The Senate met at 5 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SPECIAL WAR REVENUE BILL

FIRST READING

A message was received from the House of Commons with Bill 8, an Act to amend the Special War Revenue Act.

The Bill was read the first time.

MOTION FOR SECOND READING POSTPONED

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable members of the Senate will find on their files Bill No. 8, which has been distributed in its first-reading form. This Bill, as it reaches us, has not been amended in the House of Commons.

Hon. Mr. DANDURAND.

Hon. Mr. COTE: The Bill has not been distributed.

Hon. Mr. DANDURAND: I am just saying that the Bill was passed by the other House as introduced in that House. We have it before us in the first-reading form. There has been no amendment to the Bill.

Hon. Mr. COTE: I cannot find it on my file.

Hon. Mr. DANDURAND: My honourable friend should have it.

Right Hon. Mr. MEIGHEN: It is not on the files.

Hon. Mr. DANDURAND: Then I will suspend the motion for the second reading.

The motion for second reading was postponed.

SHIPBUILDING—DISTRIBUTION AMONG PROVINCES

INQUIRY

On the notice by Hon. Mr. Tanner:

That he will inquire of the Government:

1. Of the one hundred and eighty-one smaller types of vessels which it is stated (see page 290 of the House of Commons Debates of date November 20, 1940) have been delivered, what is the number of each of the types of such vessels built in each of the provinces?

2. Of the one hundred and seventy (or thereabouts) additional smaller vessels of the same type that are stated now to be under contract, what is the number of each type of such vessels contracted for and to be built in each of the provinces?

3. Is the Government considering the advisability of having wooden cargo ships built in Canada for the purpose of moving Canadian products and goods to England?

Hon. Mr. DANDURAND: I have before me a lengthy document which, I think, covers most of the questions asked by my honourable friend. The honourable gentleman did not expect to have an answer before the long recess, but I shall send him a copy of the document which I have received from the Minister of National Defence for Naval Services. He writes to me:

I enclose answers to the questions which Senator Tanner has on the Senate Minutes for to-day. The answers have been prepared by the Department of Munitions and Supply.

With regard to the question put by Senator Tanner on Tuesday, December 3, as to "whether the Government has under consideration the advisability of building wooden cargo ships, as was done during the last war," I may say that in the last war the Government did not build wooden ships. In the Commons Hansard of 1918, at page 349, the Honourable Minister of Marine (Mr. Ballantyne), said: "It is not the intention of the Canadian Government to

have any wooden ships built. . . . With the money available for shipbuilding in Canada at the present time it seemed to the Government the wisest policy to invest that money in steel ships only."

See also on this point the answer to Senator Tanner's question 3.

The answer to question 3 is to be found on the third page of this memorandum:

The only wooden cargo vessels under consideration at the present time are for British Admiralty account, about which the Canadian Government are required to give no information.

I do not know that all the questions put by my honourable friend, including those of which he gave informal notice on Tuesday evening, are answered in this memorandum. However, he may examine it and let me know if it gives all the information he requires. I shall hand in the memorandum to be placed on Hansard.

Right Hon. Mr. MEIGHEN: It is clear that the answer given by the honourable leader (Hon. Mr. Dandurand) covers only the third question asked by the honourable senator from Pictou (Hon. Mr. Tanner). It leaves utterly unanswered the first and second questions.

Hon. Mr. DANDURAND: Yes. But I did not read all the answers in the memorandum.

Right Hon. Mr. MEIGHEN: The answer read by the honourable leader is quite true. No wooden ships were built by the Government during or after the last war. All that happened was that steel ships were built, with the unanimous approval of the other House, and after there became a surplus of ships throughout the world the Government was accused all over Canada of building wooden ships, which it had not done. The answer merely shows the harmful effects of dishonest political methods. They sometimes deceive even the very elect.

Hon. Mr. DANDURAND: I hope that these remarks are not applicable to my honourable friend from Pictou (Hon. Mr. Tanner), who has stated that the Government in office during the last war did build wooden ships.

Right Hon. Mr. MEIGHEN: He is one of the very elect who were deceived.

Hon. Mr. DANDURAND: To the first and second questions asked by the honourable senator from Pictou the answers are as follows:

1. Nova Scotia

- 1 79' ammunition lighter
- 2 55' provision lighters
- 1 38' crash boat
- 2 50' derrick scows

- 4 51' towing skids
- 2 35' diesel launches
- 36 16' pulling boats
- 2 32' cutters
- 3 27' whalers
- 1 42' 6" hydrofoil target
- 4 50' flat scows

Quebec

- 4 18' aircraft tenders
- 32 16' pulling boats
- 1 56' refuelling scow

Ontario

- 2 38' crash boats
- 17 18' bomb loading dinghies
- 32 16' pulling boats
- 11 15' rowboats
- 10 16' service dinghies
- 1 30' steel launch
- 1 27' whaler

British Columbia

- 1 79' ammunition lighter
- 5 38' crash boats
- 5 56' refuelling scows
- 4 50' derrick scows
- 3 50' flat scows
- 5 18' aircraft tenders
- 4 32' cutters
- 6 16' pulling boats
- 1 35' diesel launch
- 13 15' rowboats
- 2 84' seine supply and salvage boats

2. List of boats under construction:

Nova Scotia

- 3 108' battle practice targets
- 7 27' whalers
- 8 51' towing skids
- 14 16' pulling boats
- 4 32' cutters
- 1 84' seine supply and salvage boat
- 4 towing targets
- 3 18' aircraft tenders

Quebec

- 1 50' flat scow
- 1 56' refuelling scow
- 6 40' armoured target boats
- 6 70' crash boats
- 12 70' motor torpedo boats

Ontario

- 175 12' assault boats
- 1 18' aircraft tender
- 4 16' service dinghies
- 6 65' 6" rescue launches
- 3 27' whalers

British Columbia

- 2 56' refuelling scows
- 14 16' pulling boats
- 10 16' service dinghies
- 2 45' service boats
- 1 95' diesel target towing tug
- 1 60' service boat
- 3 50' derrick scows
- 3 50' flat scows

SPECIAL WAR REVENUE BILL

SECOND READING

Hon. RAOUL DANDURAND: I think my honourable friend now has a copy of Bill 8, an Act to amend the Special War Revenue Act. As I have said, the Commons has made no changes in the Bill. In fact an official statement to that effect is in the hands of His Honour the Speaker. With the leave of the Senate, I move the second reading of this Bill.

As honourable senators will see, the main purpose of this measure is that material and labour which now go into the manufacture of motor cars may be diverted as much as possible to works that are deemed essential for the carrying on of the war. The legislation may also help to transfer business from the foreign exporter to the domestic manufacturer. The increased rates of duty are set out in the schedule. They may tend to discourage our people from purchasing a new car each year.

Right Hon. ARTHUR MEIGHEN: Honourable members, it need hardly be said that I am in complete accord with the purpose of the Bill. In fact, months ago, I think, I urged inside the House, and, I am very certain, outside, a measure of this kind, extending the impediments to unnecessary importations and to unnecessary purchases in Canada.

I have had an opportunity to compare the features of the schedule relating to automobiles with the corresponding features of the previous schedule, which is now supplanted. What is done is merely to accelerate considerably the taxes imposed, and therefore to make more effective what is already, in the higher brackets anyway, a prohibition.

Speaking for the moment on one feature only, I would point out that three-quarters of the way down the first page of the new schedule, which appears opposite page 2, exceptions are made first of customs tariff items 702, 706, 707 and 708. I think it should be explained what those items are. I do not know. No one knows from memory. The second exception is importation "by a bona fide settler on a first arrival." To that no one will make objection. The third exception, though, is "importation by a beneficiary resident in Canada, under the terms of a will of a person dying in a foreign country." I do not know why that exception should be made.

Hon. Mr. HUGESSEN: That is the old schedule. It is taken out.

Right Hon. Mr. MEIGHEN: Maybe I am wrong. Are all these exceptions taken out?

Hon. Mr. HUGESSEN: Yes, all three.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: No, not the first.

Hon. Mr. HUGESSEN: Two.

Right Hon. Mr. MEIGHEN: The second and third are taken out. I would not have objected to the retention of the second, but I am very much pleased that the third is taken out. I had the schedules reversed. In that case, are not a considerable number of articles which were in the old schedule omitted from the present one?

Hon. Mr. DANDURAND: I think amendments were made to the resolutions, but not to the Bill.

Right Hon. Mr. MEIGHEN: Has the Bill passed the House of Commons?

Hon. Mr. DANDURAND: Oh, yes.

Right Hon. Mr. MEIGHEN: And the amendments are not carried into the Bill?

Hon. Mr. DANDURAND: In the Bill as printed, certain items that had been in the resolutions were intentionally left out.

Right Hon. Mr. MEIGHEN: I cannot understand how a bill can fail to follow the resolution on which it is founded—a resolution presented to Parliament under the authority of the Crown. But suppose for the moment that objection is removed. Is it not a fact that many prohibitions which were in the old schedule and appear here in the schedule opposite page 2 are not covered?

Hon. Mr. HUGESSEN: No.

Right Hon. Mr. MEIGHEN: Oh, I see. The new schedule is on the left-hand page, and the old one is on the right-hand.

Then those items coming under No. 6 are new?

Hon. Mr. HUGESSEN: Yes.

Right Hon. Mr. MEIGHEN: Many of them are very necessary things, but no doubt they can be obtained otherwise than by importation. So I take no exception to that. We can afford to deprive ourselves of many new purchases along all these lines.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: But I am bewildered by the failure to place restrictions on other things vastly less necessary than these. To these restrictions I take no exception whatever. But why, for example, are our people still permitted to expend millions of dollars for American magazines and sheets of various kinds? Many of them are—I had almost said salacious. I object particularly to those that take the most money out of this country and are exceedingly detrimental to the war effort of Canada. I have in mind one

paper—I have referred to it before—whose circulation is said to be one hundred and fifty thousand. If that is a not uncommon circulation, this class of paper takes out of this country about \$3,500,000. Yet the Government cannot see any reason why that money should be saved to this country or why we should get the benefit that would be derived from removing a threat to the underpinning of our whole war effort.

Hon. Mr. DANDURAND: In the other Bill there is—

Right Hon. Mr. MEIGHEN: All it does is give authority to the Minister. He can do what he likes.

Hon. Mr. DANDURAND: But a vast number of magazines—

Right Hon. Mr. MEIGHEN: I admit that a good deal of malodorous trash has been forbidden, and I rejoice in that fact; but something close to malodorous trash still comes in huge quantities. Sometimes I think it would be better never to make any suggestion, because as surely as one is made it is pretty certain not to be accepted. I cannot but believe that if I had just kept quiet the Government would have put the ban on a lot of rubbish that is coming in to-day. Why we should continue to pay out millions for papers like the Saturday Evening Post when we are in the position, as admitted by this Bill, of being compelled to conserve not only such resources of American currency as we have and can acquire, but also our own money, which we need for other purposes in our own country, I cannot understand. Such a course is utterly indefensible. It would have been indefensible in the last war, but it is far more so now. Immediate and drastic action is essential.

I observe also that the Government has taken care to retain the importation of fresh fruit. I think we could very well be a little less solicitous about our trade relations in this respect at the present time. We are buying plenty of goods across the line. We bought in the year which is ended—I take the figure from the Commons Hansard, and I think it is correct—about \$516,000,000 more than we sold; and in the last three years about \$1,600,000,000 more. Surely that is enough. In view of the rate at which the balance is running against us now, it would not be asking too much of a nation which proclaims to the world that it is giving every help short of war, that it do not insist on selling us those citrous fruits and taking payment for them from such meagre amounts

of American exchange as we have. We can get along abundantly well without those commodities. In fact, we can get them quite readily within the radius and compass of the sterling countries—I refer particularly to the West Indies—and surely we ought to do that.

Hon. Mr. DANDURAND: Would my right honourable friend think for a moment of the convention we have with the United States—

Right Hon. Mr. MEIGHEN: Yes, I know.

Hon. Mr. DANDURAND: —and the advantages we derive from it?

Right Hon. Mr. MEIGHEN: Oh—

Hon. Mr. DANDURAND: If I had time, I could bring in a statement of the advantages we obtain from that convention. When it comes to legislating against its spirit and its letter, my right honourable friend will, I think, admit that we should consider some of the desires of the other party to that convention.

Right Hon. Mr. MEIGHEN: I quite agree with that. What I said was that it would not be too much to ask. It is true that the United States would be surrendering some of the advantages of the convention while we, perhaps, would be retaining some that we have. But that country is getting advantages to-day away above and beyond the convention, in amounts which are simply staggering when compared with the meagre results of the convention. The sales of munitions are terrific, and they are growing in geometric progression. Any country getting those sales, and proclaiming a policy of "all help short of war," would find it pretty difficult to refuse our request.

Hon. Mr. DANDURAND: My right honourable friend will surely give credit to the Government for having made the best possible effort in that direction.

Right Hon. Mr. MEIGHEN: If the best possible effort has been made and the best possible done, all I want to say is—and I say it with all the emphasis in my power—it is a long way from "all help short of war."

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL
SECOND READING

Hon. Mr. GOUIN: Honourable senators, in the absence of the honourable senator from Rougemont (Hon. Mr. Beaugard) I have the honour to move the second reading of Bill B, an Act to incorporate General Security Insurance Company of Canada.

Hon. Mr. COTE: Would the honourable senator explain the Bill?

Hon. Mr. GOUIN: Its purpose is the creation of an insurance company to which the Canadian and British Insurance Companies Act of 1932 will apply. The activities of the company, as indicated, are the ordinary activities of such a company—fire, accident and aviation insurance, and so on. The capital stock is to be \$2,000,000, and the amount to be subscribed will be at least \$400,000. The head office of the company is to be situated in Montreal.

Hon. Mr. DANDURAND: I heard the honourable senator from Rougemont (Hon. Mr. Beaugard) state yesterday or the day before that the Bill was on standard lines and had been approved by the Superintendent of Insurance. I think the Bill should go to the Standing Committee on Banking and Commerce.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Gouin, the Bill was referred to the Standing Committee on Banking and Commerce.

GREAT LAKES-ST. LAWRENCE
DEVELOPMENT

STATEMENT BY THE PRIME MINISTER

Hon. RAOUL DANDURAND: Honourable senators, I desire to read a statement which was read by the Prime Minister in the other House this afternoon. The reading will bring us to six o'clock, at which time we shall rise, to return at eight. No motion is needed for that procedure.

I have noted the important message which the President of the United States issued yesterday through Mr. Berle in connection with a Great Lakes Seaway and Power Conference which is being held in Detroit. The House has already been advised through the correspondence tabled on November 12 of the agreement reached between the Government of Canada and the Government of the United States, regarding additional diversion of water for power purposes at Niagara and the appointment of committees to carry on the necessary additional engineering investigations in the International Rapids section of the St. Lawrence. The diversion has been made at Niagara and the power development is being utilized for Canadian industry. The committees ap-

Hon. Mr. DANDURAND.

pointed by the two Governments have been actively at work in the study and analysis of the engineering problems in the International section.

As regards the wider questions involved in the Great Lakes-St. Lawrence development, it will be recalled that the Niagara Convention of 1929 and the St. Lawrence Treaty of 1932 failed to obtain the approval of the United States Senate, and that negotiations were later resumed with a view to the possibility of combining the projects in a revised single agreement. Delegations of officials appointed by the two Governments met in Ottawa and in Washington last January and the problems involved have continued to receive consideration by both Governments. Those negotiations will be continued. Any agreement resulting from the negotiations will, of course, be submitted to this House for approval in due course. I have earlier indicated that any such agreement on this subject would not be brought before the Canadian Parliament until it had received the approval of the appropriate United States authorities.

The Prime Minister added the following remarks, which may be found in the Commons Hansard:

As I have already indicated, the committees appointed by the two Governments are continuing their study of the engineering problems in the International section. They have not yet completed or reported upon their work, and no final decision has therefore been taken as to the details of the development in this section. The project under consideration, as I stated a few days ago, is a controlled single-stage development, which differs from either the single-stage development or the double-stage development that was under consideration some ten years ago. On January 25 last the following statement as to the character of the project under discussion was issued after the conference of officials of the two Governments:

"The engineering advisers of the two Governments have reached substantial agreement on the feasibility and desirability of a project in the International Rapids section of the St. Lawrence river which would involve a main dam in the vicinity of Barnhart island, with a power house in each country, and a control dam upstream. This project is based upon a plan which was discussed in some detail in the 1926 report of the Joint Board of Engineers. The engineers of the two countries are in agreement that such a project is sound from an engineering standpoint, cheaper in cost than the project on which the 1932 Treaty was based, and affords full protection for all the interests in the various sections of the St. Lawrence river."

Right Hon. ARTHUR MEIGHEN: Honourable senators, I am going to take occasion to say a few words as respects the statement just read. The purpose of my remarks will be, not to discuss the wisdom of undertaking the St. Lawrence development at another time, but to mark with an interrogation point, as bold and as visible as I can make it, the decision to enter upon such an undertaking at this time. So far as one can observe, the President of the United States is the power behind the throne in respect of this whole venture, and according to dispatches from that

country the urgency of proceeding now is being based on the ground that in both its aspects, power and navigation, the project is necessary for purposes of the war.

From the standpoint of navigation, I do not know how it is that we are suffering and being hampered in our war effort because of conditions on the St. Lawrence. It would take a lot to persuade me that the St. Lawrence development would be the direction in which to expend our energies and substance if we were moved only by the intensity of our desire to win the war.

From the standpoint of power, I cannot convince myself that it is right to enter upon this venture now. We have, without any question, a large volume of undeveloped power. And I do not think I am speaking in ignorance of the facts if I say that at the present time we have a large volume of developed power unsold—not a merely meagre amount, by any means, but large amounts—particularly in the province of Quebec, and in more than one section of that province.

It might be wise to undertake this venture, in fact I think it probably would be, if we had not extraordinary burdens to bear at the present time; extraordinary from the standpoint of our finances and of our workers, our engineers and skilled mechanics of every kind. But we have extraordinary burdens—burdens so vast it is almost beyond our comprehension to measure them. One bends beneath the very weight of the thought of what stands ahead of us in the way of financial outlay and of strain on the energies of our people.

Now, though some engineers may say one method is better than another, I do not care which you adopt; you could not finish the job next month, next year, the following year or the year after that. It would be difficult to estimate the time required, but it would be years before you were through. Under the plan of 1932, I think, the estimate was seven years. It probably would have run over that period. I think it is making considerable demands upon our credulity to ask us to believe that something which could be finished two, three, four, five, six or seven years from now, by the application of tremendous human energy, the absorption of a vast number of people and the expenditure of an almost unprecedented amount of money, obtained by borrowing or otherwise, would be a prudent step towards the winning of this war. One has to look ahead, it is true, but instead of looking ahead three, four or five years, it is better to look one year—yes, one month ahead, and just make certain there is not something else far more vital, far more pressing than this venture. How

far the Government has gone I do not know, and I do not know what attitude other members of the party to which I belong may take towards the project, but I know my own disposition is as I have sought to express it at this moment.

Hon. Mr. DANDURAND: I may inform my right honourable friend that we shall have many opportunities to discuss this project—

Right Hon. Mr. MEIGHEN: Quite so.

Hon. Mr. DANDURAND: —with fuller data available than we have before us just now. It seemed to me that as the President of the United States had expressed his sentiments to Mr. Berle, I think in Detroit, it was but just that the Senate should be seized of the statement the Prime Minister made in the other House.

Right Hon. Mr. MEIGHEN: Quite right.

At 6 o'clock the Senate took recess.

The Senate resumed at 8 p.m.

WAR EXCHANGE CONSERVATION BILL FIRST READING

A message was received from the House of Commons with Bill 9, an Act respecting the Conservation of Exchange.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, I do not think that I need enter into all the details of the Bill which is now before us. It will suffice, perhaps, to state its object, which, as appears from the title of the Bill, is the conservation of exchange.

We are all aware of the fact that in our dealings with the United States there is a substantial adverse balance of trade against Canada. The purpose of this Bill is to restrict importations from the United States in such a way as to diminish that adverse balance. If there is a saving of even \$6,000,000 a month, as has been suggested by the Minister of Finance, there will be that much more Canadian money available to meet our obligations in the purchases of war materials from the United States.

There is no doubt that the United States are being restricted in the advantages they have enjoyed under the convention; but it is quite evident that they are losing nothing, inasmuch as the savings resulting from the import prohibition will go to that country to pay for war materials purchased by Canada.

I am told, and it has been stated in the House of Commons, that our purchases are likely to increase. We have heard the right honourable gentleman on the other side state that perhaps more radical steps could be taken to reach an agreement whereby the United States would be somewhat more liberal in its dealings with us in order to help us to carry on and to maintain our exchange in a healthier condition. Be that as it may. No one knows what the morrow will bring, but I think we are moving in the right direction.

Another important feature of the Bill is the easing up of the restrictions on British goods coming into Canada, in order to help Great Britain to procure Canadian dollars for its purchases in this country. I think the two objects the Bill is intended to attain are commendable, and will be accepted by every member of this Chamber. Of course it may be that in respect of individual items here and there the Bill could be improved. However, as a matter of fact, considerable time has been given to the study of the measure now before us by the experts of the Government in the Department of Finance and the Department of Trade and Commerce. I would not say it is the last word of the Government. The House of Commons will meet again on the 17th of February and it may be that when the Budget is brought down certain improvements will be proposed which will be welcomed.

With these few remarks indicating the primary and essential object of the Bill, I leave it in the hands of the Senate. I move the second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, the first part of this Bill provides for the prohibition of imports from other than the sterling area and Newfoundland, for exceptions to this prohibition, to be determined by the Minister of the department, and for importations under conditions to be set out, modified or revoked by the Minister, as he may from time to time determine. The Bill also provides penalties for what are described as undue additions to prices because of the prohibitions. These penalties are in the nature of an addition to the customs tariff, the imposition of the tariff itself, or the removal of the tariff.

Hon. Mr. DANDURAND: Or of an excise tax.

Right Hon. Mr. MEIGHEN: Or of an excise tax. I do not like the broad terms in which the powers of the Minister are described. I do not know that it would be any improvement to substitute the Governor in Council for the Minister. As we have no power to amend, or at least have not by our practice

Hon. Mr. DANDURAND.

actually amended, I do not intend on this occasion to move an amendment. It does seem to me, however, that the character of the exceptions and the reasons for them should be stipulated by Parliament, and that the door should not be opened wide for the Minister to exercise his full and unrestricted pleasure in approving of such reasons as may seem to him all right. The individual case may have to be left to the Minister, but the general nature of the exceptions and the principles underlying them should be fixed by Parliament. The Minister should be permitted to follow only such principles as Parliament lays down.

Another amendment which I think the Commons ought to have made to the first part of the Bill is this: wherever exceptions and conditions are made they should be tabulated, and the list laid before Parliament immediately, if it is in session, or at the first opportunity. No such provision is appended to the first part at all.

Hon. Mr. DANDURAND: Is there not such a provision?

Right Hon. Mr. MEIGHEN: One is appended to a later part; I think, to the third part. Why there is not one here, in this first part, we are left to surmise. My surmise is that it was simply forgotten.

Hon. Mr. DANDURAND: Without having examined the subject or heard the discussion in the other House on this point, I should think that, unless there were exceptional difficulties in the way of so doing, the Minister would bring these matters to the attention of Parliament within the first few days of the session. He would have to do so on the Budget, in any event.

Right Hon. Mr. MEIGHEN: I know he would, and it is probable that he would not object to an amendment being made in this House. Personally, I think an amendment ought to be made, for there is an obvious omission.

Hon. Mr. DANDURAND: Let us wait and see how the Act works out between now and next February, when we shall be meeting again.

Right Hon. Mr. MEIGHEN: The second part provides for a complete alteration of customs duties and is designed to the same end. It is a modification, item by item, of a long list of customs duties, the substance of which I do not think it becomes us to debate. So far as I can see, there is no need of any amendment of the second part.

The third part is most important, and on this I want to make a few comments and

offer some suggestions to the Government. This part is short, and reads as follows:

The Governor in Council in order to increase Canada's supply of foreign exchange may, on the recommendation of the Minister of Finance, enter into agreements with individuals, partnerships or corporations to grant assistance by way of special tax credits and/or special allowances for depreciation or depletion under the Income War Tax Act and the Excess Profits Tax Act, if, in the opinion of the Governor in Council, such assistance is necessary in order that an expansion of the exports of any individual, partnership or corporation receiving such assistance may take place.

I am advised by the honourable leader (Hon. Mr. Dandurand) that to this section an amendment, which does not appear in the printed Bill as now before us, was made in the other House.

Hon. Mr. DANDURAND: I think my right honourable friend has a copy.

Right Hon. Mr. MEIGHEN: Yes. As I am advised by the honourable leader, this requires that a report on the actions of the Governor in Council, in pursuance of section 8, which is Part III of the Bill, shall be laid before Parliament in due course. The amendment obviously is right, and would be approved here as in another place.

On this section I want to make certain comments. First, the power given the Governor in Council here is simply startling. So wide is this power that there is nothing he cannot do under it. He can take any single company in any industry and make any bargain that he wishes with it. For taxation purposes he can treat it on a certain basis—relieve it, or penalize it, according to his own sweet will—and to that company's competitor across the street he can give exactly the opposite treatment. Whatever he does will be legal to the last detail and could never be impugned or assailed in court. In a word, this section just places the Governor in Council at the bar and gate of the customs, and tells him: "Through here will pass all the taxpayers of Canada. Do exactly as you like with each and all." Never in our history have we reposed such power in the Governor in Council. But, again, we are in the Senate of Canada, and this is a money Bill.

Hon. Mr. DANDURAND: Has my right honourable friend read the explanations given by the Minister of Finance?

Right Hon. Mr. MEIGHEN: I could not read them, because they are not in print yet. However, no explanation by the Minister could alter the words that are in the Act.

Hon. Mr. DANDURAND: I speak subject to correction, but I understand this section is intended to deal with an industry as a whole,

as, for instance, the gold-mining industry, the increasing of whose production would have a very valuable effect upon our exchange. It is not my understanding that the Minister ever had in mind the application of special treatment to an individual, unless that should become necessary in pursuance of a general course directed towards our chief objective, the winning of the war.

Right Hon. Mr. MEIGHEN: Then the Bill should be amended to empower the Minister to deal with an industry instead of with an individual. As it reads now, the Minister may treat any individual as he wishes. He is not required to deal with different gold-mining companies, let us say, in different ways, but he could do that if he desired: to one he could offer an open hand, and to another a closed fist. There is no restriction whatever upon his actions. According to what we read in the Press, and to my apprehension of the meaning, the real object of the section is the giving of assistance to the newsprint industry. It might have been wise to set out the industries which do a big export business, and to define the principles upon which they should be taxed. Such legislation could be defended and may be necessary at this time. But the measure now before us places the Minister at the receipt of customs. It does not do what the legislation of last session did—establish a board of referees to advise the Governor in Council how to deal with each and every taxpayer who applies for relief. I do not know that that legislation was much better, yet I think it might be assumed that the board of referees would be somewhat impartial. But here all the power is given to a Minister of the Crown, a member of a partisan Government. Parliament tells him: "Do just what you want with John Smith, paper maker, and, if you think it advisable, do just the opposite to Tom Brown, his competitor across the street." To the Abitibi Company, which is in liquidation, the Governor in Council can apply one rule, to Price Brothers another, and to the Mersey Company still another. In every case it is the Minister who makes the recommendation to the Governor in Council and who is the judge. That is not legislation. That is just abandonment, surrender and abdication of Parliament. You cannot describe it otherwise.

Hon. Mr. DANDURAND: By the will of Parliament.

Right Hon. Mr. MEIGHEN: By the will of Parliament, among the elected members of which the Government has a majority of three to one. Parliament is made nothing

but a mockery. We are called here to dance attendance day after day, and when a matter does come before us we are simply asked to tell the Government it can do what it likes. Is that parliamentary procedure? It is as far from it as Hitlerism is from Churchillism. It is much more Hitlerism than Churchillism.

If Part I of the Bill can be amended, I should like to see an amendment made. I do not know whether to urge that further or not. The Commons might say, "If we permit an amendment, however acceptable it may be, a precedent will be established and may give rise to difficulties later on."

Hon. Mr. LEGER: It has been done before.

Right Hon. Mr. MEIGHEN: Perhaps so. If so, it ought to be done now. And there should be an amendment to this Part III.

But on the law as it stands I do want to bring to bear what study I have been able to give to it as a result of my close association with several companies, my more or less close association with hundreds of others, and the particular interest I naturally had in them. I do not see how the present law can ever work. It provides that there shall be a levy of 18 per cent called a corporation tax, and another of 12 per cent called an excess profits tax, making in all 30 per cent.

Hon. Mr. DANDURAND: That is the law.

Right Hon. Mr. MEIGHEN: That is the present law, and I want to say a few words about it. Then there is a provision that each corporation shall pay a further tax on excess profits if its earnings in the year taxed—we will say this year—exceed the average earnings for the preceding four years, the assumption being, perhaps, that the increased earnings are due to the war. That additional tax is 75 per cent of the excess profits, and with the provincial tax runs in some cases to over 86 per cent, leaving almost nothing to work upon. If, of course, earnings run on a pretty even keel through the years, owing, say, to the nature of the business, then this much accelerated and tremendous excess profits tax does not apply; but in any case 30 per cent must be paid. To the 30 per cent no one could take any exception whatever. Money must be raised, and taxes have to be paid. But when you come to the class of companies which may earn more now than the average of the four years and you penalize them virtually all their earnings, perhaps because they have incurred losses during these four years—as hundreds upon hundreds of companies have—the result is just as grotesquely

Right Hon. Mr. MEIGHEN.

unfair as can possibly be imagined. It just means that in the case of a company or an industry which for one cause or another has had to carry on against the greatest difficulties over past years and has not been able to make a dollar, this law compels it, on account of its past misfortunes, to eternal servitude to the Government of Canada. Because the company had the worst kind of struggle before, it is condemned by the law as it stands to continue that struggle for ever. In short, the company is penalized for its own misfortune. But another company whose business is of a more stable nature, which has perhaps been advantaged over these years by some fortuitous circumstances and makes but a trifle more than its average profits, has to pay only 30 per cent. Why the distinction?

Do not conclude that if a company makes more now than it did before, it does so because of the war. It may, it is true, but that does not follow of logical necessity. I could string off companies whose increase in profit has not the slightest relation to the war. They had to struggle along, but finally pulled up, and now are in a position to get their reward for the long years of losses and trials. Now the Government comes in and takes all their profits. It is not fair; it is not right.

Hon. Mr. DANDURAND: It has to do with the application of the Act.

Right Hon. Mr. MEIGHEN: True, the Act does provide that if an industry or class of industry has been in a depressed condition it may appeal to the board of referees. The board has been appointed. I know the chairman very well; and one of the other members I ought to know well, because he once worked in our firm. The other member I do not know. I take no exception at all to the board, nor have I risen now to complain of it. But how it is ever going to perform the task confronting it passes my comprehension. The chairman is a fair-minded man: he will do his utmost. I cannot believe he knows what he is facing. There may be companies which do not intend to come before that board, but I do not know of any; and a case can be made before it for almost any company. If the board intends to hear all the cases, then I would rather be a member of the Government than of the board, for I should have less to do. I do not think the law will work.

Hon. Mr. DANDURAND: I understand the board is empowered to examine certain groups of men in the same industry who are facing similar troubles.

Right Hon. Mr. MEIGHEN: Yes. The board has not only to examine the industry as a whole—and I may say most industries can show they have been depressed in the last few years—but under another section it has to examine the individual companies and see if they were peculiarly depressed. I wonder whether the Government has any notion of the number of companies in Canada. They are simply legion. I wish the board well, but the fact is that the legislation is unjust, unfair and unworkable. The question is: What would be right? To the 30 per cent tax we cannot object, but to keep raising the tax, I think, will do more harm than good.

It seems to me the right principle was adopted in the last war. The application of it perhaps could be improved. It ought to be improved after all the years of experience we had of it while it was in operation. The right method is to tax profits on the same basis and according to the same law and principle as in the case of income. That is to say, as the rate of profit increases, increase the tax. That is what was done under the old profits tax. If a firm earns 5 per cent, make it pay a certain percentage; if it earns 10 per cent make it pay more; if it earns 20 per cent make it pay still more, the percentage growing with the rate of profit. I do not think any other way is fair. In that way we shall get the money. You must have both prerequisites: one, effectiveness, the other, fairness. I think that method has both. It certainly is effective.

I have no sympathy with those who would tax profits at 100 per cent. People will not work for nothing. Human nature is the same in war-time as in peace, and instead of helping the war effort you are defeating it by stripping people of the stimulus to toil and run their business right. Leave the incentive, so that the greater the toil and the greater the success, the greater will be the reward. You have to do that. You do not do it under this Bill. I do not exaggerate at all when I say I have had business men by the dozen tell me that they are leaning on their oars: they have nothing to work for. They say: "We might just as well take it a little more easily now, for we are only working for taxes anyway." You will get that result in any case if you take away all incentive to work. Always leave that incentive, let it grow on greater profits, and increase taxes as profits increase. There is no other way I know of to get results.

I do suggest to the Government that on the return of Parliament after the Christmas

adjournment it give serious consideration to amendment of the Excess Profits Tax Act as it stands to-day. I have not found anyone who thinks the Act can possibly work in practice. I know that no one will have anything but pity for a board that attempts to examine a single industry, hear all its arguments as to why it is depressed and should have special treatment, and then come to a decision as to one concern, then as to the next, and so on in every case. Unless the members of the board are supermen to the nth degree, there will be every imaginable charge of discrimination, and not one company in ten will be satisfied. It will be said that one company has been treated one way and another company otherwise. I hope the Government will—for the first time—give attention to what I say to-night.

Hon. Mr. LEGER: I have just read section 5 of the Bill hurriedly, and I think it needs a slight amendment. It says:

Any goods, the importation of which into Canada is by this Part prohibited shall, unless a permit for their importation has been obtained or such goods have been exempted by the Minister as hereinbefore provided, be deemed to be goods the importation whereof is prohibited—

and so on. Surely it is not the intention to affect goods that were in the country before the 2nd day of December. Therefore if, after the first word "goods", these words were added, "imported into Canada on or after the 2nd day of December, 1940," goods already in the country would be exempt. Otherwise I am afraid—

Right Hon. Mr. MEIGHEN: Is not the honourable member forgetting the exact wording? It says:

Any goods, the importation of which into Canada is by this Part prohibited—

and so on. The goods may not be prohibited at all. The prohibition is under section 3, and does not apply to goods which on or before the 2nd of December were in transit. In a word, such goods are not prohibited and are not within the meaning of section 5.

Hon. Mr. LEGER: I understand very well the reasoning of the right honourable gentleman, but the two sections seem to be contradictory. Section 5 says:

Any goods, the importation of which into Canada is by this Part prohibited—

Right Hon. Mr. MEIGHEN: If they were brought in or were in transit before December 2, they are not by this Act prohibited.

Hon. Mr. LEGER: That may be. I had not read that section. Still I think it would have been much clearer if the other words had been included.

Hon. Mr. HUGESSEN: Surely that is covered by section 10, which says:

This Act shall be deemed to have come into force on the second day of December.

Hon. Mr. DANDURAND: I desire to tell my right honourable friend that I have heard of quite a number of men who are somewhat nervous regarding the application of the Excess Profits Tax Act and who hope that the referees will take the individual circumstances into consideration.

Right Hon. Mr. MEIGHEN: So far as I know, everybody does.

Hon. Mr. DANDURAND: My right honourable friend said he had considerable sympathy with the referees who will have to try to solve these problems, and that he would rather be a Minister of the Crown than a referee. Perhaps he will except the Minister of Finance, because he has had to stand the brunt of the recriminations that have been heard. My right honourable friend knows that the Minister of Finance is surrounded by a group of very able financial men and officials who have been applying the Customs Act and the Excise Act. They have been wrestling with these difficulties.

My right honourable friend need not be under the impression that his opinions as expressed in this Chamber are treated lightly. I may tell him that I will bring his statement to the particular attention of the Minister of Finance. Probably most of the representations made by the right honourable gentleman have reached the Minister from other sources, possibly the very sources from which my right honourable friend has received his information. Perhaps between now and March next, when the Budget reaches the Commons, the board of referees, together with the Department of Finance, will see if there are any insuperable objections to the application of the Excess Profits Tax Act. If there are, I should expect the Minister to apply to Parliament for some modification.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

Right Hon. Mr. MEIGHEN.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Sir Lyman P. Duff, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 9.30 p.m. for the purpose of giving the Royal Assent to certain bills.

ADJOURNMENT OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, I desire to move that when the Senate adjourns this evening, that is, after the two Bills are sanctioned, it stand adjourned until Tuesday, the 4th of March next, at 8 p.m. The other House is adjourning to the 17th of February. My first idea was that we should adjourn to a date eight days later than that, but upon inquiring as to the probability of legislation coming over to us I was informed there was not likely to be anything ready for our attention within less than two weeks after that House resumes. That is why I am moving that we stand adjourned until the 4th of March.

I draw the attention of honourable members to a resolution we passed on November 14, under which the Senate may be reconvened at any time prior to the 4th of March in case of emergency. It reads as follows:

That for the duration of the present session of Parliament, should an emergency arise during any adjournment of the Senate, which would in the opinion of the Honourable the Speaker warrant that the Senate meet prior to the time set forth in the motion for such adjournment, the Honourable the Speaker be authorized to notify honourable senators at their addresses as registered with the Clerk of the Senate to meet at a time earlier than that set out in the motion for such adjournment, and non-receipt by any one or more honourable senators of such call shall not have any effect upon the sufficiency and validity thereof.

It is not easy to enumerate all the situations that might be called emergencies within the meaning of this resolution. I take it that special circumstances connected with the administration of the State, or a request by the Government for the voting of supply, would be sufficient cause for His Honour the Speaker to call the Senate to reconvene at any date prior to March 4.

The motion was agreed to.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Sir Lyman P. Duff, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act to amend the Special War Revenue Act.

An Act respecting the Conservation of Exchange.

The House of Commons withdrew.

The Right Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, March 4, 1941, at 8 p.m.

THE SENATE

Tuesday, March 4, 1941.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SHIPBUILDING—DISTRIBUTION AMONG PROVINCES

INQUIRY

On the notice by Hon. Mr. Tanner:

1. Of the one hundred and eighty-one smaller types of vessels which it is stated, (see page 290 of House of Commons Debates of date November 20, 1940) have been delivered, what is the number of each of the types of such vessels built in each of the provinces?

2. Of the one hundred and seventy (or thereabouts) additional smaller vessels of the same types that are stated now to be under contract, what is the number of each type of such vessels contracted for and to be built in each of the provinces?

3. Is the Government considering the advisability of having wooden cargo ships built in Canada for the purpose of moving Canadian products and goods to England?

The Hon. the SPEAKER: I understand this inquiry was answered at the last sitting of the Senate.

WHARF AT PICTOU, N.S.

INQUIRY AND RETURN

Hon. Mr. TANNER inquired of the Government:

1. What was the cost of the wharf built at Pictou, Nova Scotia, 1939-1940?

2. What engineering branch of Government planned construction and decided the site?

3. Did Canadian National Railways disagree about the site and propose alternatively that a breastwork wharf be built along the south side of the railway yard?

4. For what shipping and business reasons was the wharf built on the site it occupies, instead of the view of the railway people being acted on?

5. Was it part of the plan of construction that the railway rails on the public wharf adjacent at the west to the new wharf were to be removed and not replaced? Did the Department of Public Works request the Canadian National Railways to remove said rails; and, if so, why? Why are rails not replaced on said adjacent public wharf?

6. Is the fact known to Government that since the removal of rails from the said adjacent public wharf all lumber and other freights for shipment from said adjacent public wharf have been moved to and on said adjacent public wharf by privately owned trucks instead of by the railway?

7. The Government is requested to lay on the Table of the Senate copies of correspondence between the Halifax branch of the Department of Public Works and persons in Pictou county, and of correspondence and reports between said Halifax branch and the Department at Ottawa relating to the above mentioned matters.

Hon. Mr. DANDURAND: I have an answer for the honourable senator from Pictou (Hon. Mr. Tanner), but, as it is quite voluminous, I would ask that the inquiry be converted into an order for a return. I now produce the answer.

Right Hon. Mr. MEIGHEN: Will the answer appear in Hansard?

Hon. Mr. DANDURAND: The answer is voluminous; mainly correspondence and reports.

Right Hon. Mr. MEIGHEN: There is nothing in these questions to require a voluminous answer. It ought to be possible to state the answer in half a page.

Hon. Mr. DANDURAND: I can satisfy my right honourable friend, I think, by reading the answers to the first six questions in the inquiry. The voluminous correspondence is filed in response to the seventh question. The answers to the first six questions are as follows:

1. \$150,617.10.

2. Chief Engineer's Branch, Department of Public Works.

3. The Canadian National Railways first proposed the construction of a marginal wharf to the east of the existing east wharf, but, realizing that the cost would be prohibitive, they agreed to the site and structure as proposed by the Department of Public Works.

4. Answered by No. 3.

5. (a) Yes.

(b) No.

(c) The Canadian National Railways removed their rails because the adjacent wharf

is not adequate to meet requirements of railway locomotives used to-day, and because the new structure was built purposely for railway traffic. While not suitable for railway traffic, the adjacent structure is suitable for open storage of such cargoes as lumber, bricks, billets, molasses, etc., which may be safely handled to and from the wharf by auto-truck transportation.

6. Yes.

As I have said, the seventh question is answered by correspondence and reports, which I now table as a return.

NATIONAL PARKS

INQUIRY AND RETURN

Hon. Mr. TANNER inquired of the Government:

1. What are the situation and the area of each national park in Canada?

2. What proportion of the area of each park was (or is) Crown land in the right of the Dominion?

3. What proportion of the area of each park was (or is) Crown land in the right of the province?

4. What proportion of the area of each park, other than Crown land, was acquired and paid for by the Dominion? What amount was paid in each case?

5. What proportion of the area of each park, other than Crown land, was acquired for the purpose of such park by the respective provinces, and at what cost to each province?

6. What was the cost in fiscal year 1939-1940 of wages, salaries, maintenance and improvements of each national park; and the estimated cost for fiscal year 1940-1941?

Hon. Mr. DANDURAND: As the document before me containing answers to these questions is lengthy, I move that an order do issue for a return, which I shall table forthwith.

The motion was agreed to.

THE LATE O. D. SKELTON, W. F. O'CONNOR AND SIR FREDERICK BANTING

TRIBUTES TO THEIR MEMORIES

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable members, I feel it my duty to inform the Senate that during our recess the Civil Service of Canada has suffered two very serious losses, which should not pass unnoticed in this Chamber: the deaths of Dr. O. D. Skelton, Under Secretary of State for External Affairs, and Mr. W. F. O'Connor, our Law Clerk. Both were masters in their own field.

We often hear of the importance of the British Civil Service, which, accomplishing its daily task silently and anonymously, deals with the vast interests and problems affecting

the British Empire all over the world. The British Civil Service has been viewed, nationally and internationally, as the column of the Temple. It is always ready to adapt itself to the policies, changing according to circumstances, of its Parliament and its executive. I make bold to say that our Civil Service is, in its sphere, the equal of that of Great Britain.

A facetious Canadian journalist once said that when either Mr. Bennett or Mr. King left on a mission to Great Britain accompanied by Dr. Skelton and Loring Christie, he enjoyed a certain degree of relaxation; for he felt that these gentlemen could meet on an equal footing with Maurice Hankey—later Lord Hankey—the head of the British Cabinet Secretariat.

It was my privilege more than once to have Dr. Skelton by my side at Geneva, and I had many opportunities of appreciating his high mental qualities and wise counsel. He was modest and retiring. He developed on a sound basis our Department of External Affairs, which later was to assume such important functions in international matters. He gathered around him assistants who, wherever they served, have done honour to our country, and he had good reason to be proud of his selections. We shall long miss his services at the post where he shone so brightly.

When studying legislation before its committees, the Senate will no longer have the benefit of the knowledge and direction of our Law Clerk, the late Mr. O'Connor. From the day he left the university and appeared at the Bar of Nova Scotia, Mr. O'Connor had a very interesting career. Before long he was engaged as professor of International Law at Dalhousie University, his Alma Mater. But he was soon to emerge in a larger arena. He started practising law in Toronto, and his activities extended to Ottawa, where he filled many public offices and became the legal adviser of many Ministers in the drafting of special and intricate legislation. His superiority in that domain was unquestionable. He possessed an exceptionally keen legal sense and a wide knowledge of both common law and statutory law, and of their interpretation by the highest courts of the realm. The important report which he made to the Senate on the interpretation of the British North America Act has arrested the attention of all students of our Constitution, and in it we get a clear insight into his proficiency. He had few equals and no superior in the drafting of legislation and in the critical review of Acts and Bills submitted for judgment. Every

Hon. Mr. DANDURAND.

word had its value, and but one technical sense, outside of the common usage of the term. He was often accused of being too punctilious because he hated loose thinking and expressions capable of a double interpretation. I find it easy to compare him on that score to three men of high standing who advised the Foreign Ministers of Great Britain, France and Germany, at Geneva: Sir Cecil Hurst, M. Fromageot and Mr. Gaus. I recall an interesting incident to which Sir Austen Chamberlain drew my attention. A draft resolution from Poland had been submitted to a committee. After perusal it seemed to be agreeable to all the members, and Sir Austen, M. Briand and Mr. Stresemann handed the document to their legal advisers, who were at their elbows. Each adviser, without consulting the others, handed it back immediately to his Minister. Sir Austen showed me their action upon it: the three had underlined one and the same word, which they felt to be ambiguous and capable of a double meaning. Mr. O'Connor was undoubtedly in their class.

It is quite natural that in these troublous times we should be obliged to register war casualties which bring gloom and distress to many a fireside. Canada mourns the loss of one of its most highly endowed citizens, Sir Frederick Banting. The sudden death of that world-famous Canadian is felt much farther than his home circle, and by it humanity itself is the poorer. Sir Frederick's medical discoveries have indeed made him a benefactor of the present and future generations, who will pay homage to his genius and to his achievements in the relief of heretofore fatal diseases.

To the families of these distinguished Canadians goes our most sincere sympathy.

Right Hon. ARTHUR MEIGHEN: Honourable members, it is fitting that reference should be made to the passing of distinguished Canadians, especially those peculiarly associated with this House.

I did not have the pleasure of presiding over a department of which Dr. Skelton was the deputy or an official. My acquaintance with him has therefore been more casual than that of ministers in charge of departments in the last ten or fifteen years. I have, however, read his literary productions—and as well, by the way, that of his distinguished wife—and I can testify to the uniform scholarship which pervades his work in literature, as doubtless it did his work in the sphere to which he later attained. The Department of External Affairs has been blessed with a singularly competent senior executive for many years, and I doubt

not that Canada has benefited much by the good judgment and industry of Dr. Skelton.

I feel particularly keenly the loss of my very close personal friend, a very distinguished servant of this House, Mr. O'Connor. My acquaintance with him extends back farther, I think, than that of most honourable gentlemen present. It was my duty to work very closely with him many years ago in difficult and trying periods, and to make use of services rendered by him, strictly as a lawyer and a draftsman, on many occasions of great importance. I learned then, a quarter of a century ago, to admire his industry, the vast scope of his legal learning, which extended over all or nearly all the fields of law, and his marvellous capacity for summoning the most minute elements of legal lore at but a few hours' or sometimes only a few moments' notice, and giving an opinion with a certainty of touch that belongs to few lawyers indeed.

Mr. O'Connor was a man who had not developed the practical side as have so many who have attained greater success in the material world. Money meant little or nothing to him. The whole cast of his mind was such that he rejoiced in any difficult intellectual problem, whatever it might be, not only in the field of law, but in any field. Not many are aware, perhaps, that very few men have studied the whole system and theory of radio with the thoroughness with which Mr. O'Connor studied it. He devoted hours upon hours to that subject weekly. Nothing that his mind was attracted to was too intricate; indeed, the more intricate a subject was, the better he loved it. Never, I think, have I seen his equal as a man of industry. I have known him to remain out of his bed and away from sleep for as long as three nights in succession, although he was working all day besides. This, perhaps, was not the wisest course for him to take, but it indicates the unselfish nature of the man: when he was given a work to do, that work he performed, and his own convenience and health mattered not at all.

I am sure honourable gentlemen who have served on our various committees will long remember how approachable Mr. O'Connor was. He welcomed anyone who came to see him, particularly if that person wanted him to work. His hand was outstretched to anyone who had something for him to do or to consider, and he was thankful to be asked to add to his toil. It will be difficult indeed to replace him; I fear it will be impossible to replace him in this House. I am sure our sympathy goes out to his widow and the two daughters who survive him.

Sir Frederick Banting I did not have the honour of knowing so well, but of course every Canadian and every intelligent observer of the world of medicine knows who he was and what he did. His one great achievement made him famous not only throughout the medical world, but also among sufferers everywhere. It would be very difficult to measure what he did in relieving suffering and lengthening life. After making his wonderful discovery he devoted himself to studies along similar lines and accomplished other things of great value, and I believe that not long before the sad event which ended his career he had achieved something more which probably is well worth while and may be of extraordinary value to-day. Sir Frederick Banting was not only a great scientist—a great research worker, would better describe him—but he was a whole-hearted Canadian. I do not know that I have talked to anyone since this war began who had a more rounded-out and thorough-going conception of the unparalleled crisis into which late events have precipitated this country and the world, or who appreciated more keenly than he the measure of suffering which this crisis entails and the fearful agony through which we all must go, as well as the unprecedented exertions we all must put forth before the day can dawn for us again.

BUSINESS OF THE SENATE

Hon. RAOUL DANDURAND: Honourable senators, you will all have noticed that the Orders of the Day contain no indication of work to be performed by this Chamber. I thought I was somewhat bold when on December 6 last I moved that the Senate adjourn for two weeks longer than the House of Commons. My hope was that in those two weeks the other House would have dealt with some measures and sent them over to us. I have circularized all my colleagues to inquire whether there were not some bills which could be initiated in this Chamber, but in vain. The reason, as I found it, can be stated in a few words. This is especially a war session, in which the matters coming before both Houses will appertain to the war and the financing of our war activities. These measures must perforce be initiated in the Commons, and can reach us only after they have received lengthy consideration and been passed there. They will be followed in that House by the bringing down of the Budget. That again, having to do with increased taxes in many forms, will naturally give rise to considerable discussion in the Commons.

I feel we must accept the situation as it is. Since this is a war session, concerned principally with legislation which it is not pos-

sible to initiate in this House, I can only suggest now that after the meeting of the Banking and Commerce Committee to-morrow we may have to adjourn again for nearly two weeks. I have discussed the matter with a number of my colleagues—the right honourable leader opposite (Right Hon. Mr. Meighen) first and foremost—and all feel it is as well that we should separate for a number of days. It may be that even after such an adjournment we shall find nothing has come from the other side for our consideration. If so, we shall either have to take a further adjournment or wait till there is something before us. Be that as it may, I simply want to inform honourable members now that to-morrow we may adjourn for some days.

Right Hon. ARTHUR MEIGHEN: Honourable members, I know the honourable leader of the House is stating nothing but the facts in the reasons he has given for a probable adjournment. I confess to a rather uncomfortable feeling about the whole situation, for I do not look forward to our being of very much use even after we meet. The bills before the Commons are almost entirely money measures, as to which our powers are small, both under the written constitution and from the constraint of long practice. All other acts of the nature of legislation, or virtually all, are done by Order in Council under the War Measures Act. From a return brought down I see that even while the Houses of Parliament have been sitting no fewer than 2,600 Orders in Council of the nature of legislation have been passed. This makes pretty much a mockery of Parliament.

I do not know what the solution is. The War Measures Act must be used without hesitation for many very important purposes, it is true, but I do think it should be used to a lesser extent while Parliament is sitting. But we are on the horns of a dilemma. If the course pursued in the past is to be continued, we have not a very large reserve of usefulness for this country. Nor has the Commons itself very much. We can exercise our critical powers, but we do not get a great deal of satisfaction out of doing that while the nation is struggling in the grip of a terrific crisis, whose extent and potency, and indeed whose terror, become greater day by day. If but little result can be got from the exercise of our critical function, I do not know whether we ought not to take a long adjournment, and to consider our position generally.

The Senate adjourned until to-morrow at 3 p.m.

Right Hon. Mr. MEIGHEN.

THE SENATE

Wednesday, March 5, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. BLACK, Chairman of the Standing Committee on Banking and Commerce, presented the report of the Committee on Bill B, an Act to incorporate General Security Insurance Company of Canada.

He said: Honourable senators, this Bill is recommended to the Senate with certain amendments. These amendments, with one exception, need no explanation. During the interim since the Bill was introduced one member of the incorporation has passed away, and a new name is substituted. Also, because of changes in legislation, certain unimportant amendments are made.

The Hon. the SPEAKER: When shall the amendments be considered?

Hon. Mr. BLACK: By leave of the House, now.

The amendments were concurred in.

THIRD READING

Hon. Mr. BEAUREGARD moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

PRIVATE BILL

FIRST READING

Bill C, an Act to incorporate the Ukrainian Catholic Mission of the Most Holy Redeemer.—Hon. Mr. Hayden.

The Hon. the SPEAKER: When shall this Bill be read a second time?

Hon. Mr. HAYDEN: Next sitting of the House.

Hon. Mr. DANDURAND: To comply with our rules, it should be not earlier than the day after the next sitting of the House.

Hon. Mr. HAYDEN: That will be all right.

BUSINESS OF THE SENATE—ADJOURNMENT

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, I need not repeat what I said yesterday concerning our present situation, with

nothing on the Order Paper to be considered. I have had a number of suggestions to the effect that, as it is impossible to say when we shall receive any of the measures now under consideration in the other House, or to be dealt with there after the adoption of the Budget, we should adjourn for longer than two weeks in order to enable honourable members who live at a distance to go home. Recognizing the force of that argument, I move that when the Senate adjourns this afternoon it stand adjourned until Tuesday evening, March 25, at 8 o'clock. I would add that our situation is not unlike that of the English House of Lords. Of course, it is not necessary for that body to adjourn for as long a period as we are proposing now, because Great Britain is a small island, from all parts of which the capital can be reached in relatively short time. Also, the quorum of the House of Lords is small. Honourable members know that although there are some six hundred members of that House, it is very seldom that at an ordinary sitting more than twenty-five or thirty are present. Such a quorum could easily be maintained by peers who live in London or in the neighbourhood. But in having to wait for legislative measures from the House of Commons, the Lords are in the same position as we. I do not doubt that the measures being dealt with by the English Commons in these days are similar to those coming before the Canadian Commons this session, namely, measures having to do with or arising out of the conduct of the war.

I have no hesitation in suggesting that we adjourn until the 25th of March, because there will be plenty of time between that date and the end of the month to vote supply for the 1st of April, if a Supply Bill comes from the other House. As all honourable members know, His Honour the Speaker of the Senate has the necessary authority to call us to reconvene at any time, should any emergent situation arise while we are adjourned.

Hon. WILLIAM DUFF: Honourable senators, I am sure we appreciate the kindness of the honourable leader of the Government (Hon. Mr. Dandurand) in trying, so far as possible, to meet the convenience and wishes not only of this honourable body, but also, perhaps, of honourable members in another part of this building. However, as I looked around this Chamber yesterday and saw that most of the seats were filled, it seemed to me there had been a general feeling among us that we should be present here to carry on our duties as legislators. Before coming here, those of us who live a long distance from Ottawa endeavour to regulate our business affairs and commitments in the expecta-

tion of spending some time here—not merely two days—before the Senate adjourns for a sufficient period to enable us to get home again. I am not complaining about the present situation, because this is a country in which speech is free and the elected representatives of the people have a right to express their views in the other Chamber.

I have not consulted any of my colleagues about this matter, but, as I say, there must have been a general feeling that our presence was necessary here for the carrying on of the public affairs of this country. Last November we took an adjournment for almost three weeks, from the 14th of that month, and it was understood that those of us whose homes are at the extreme ends of the country would not return when the Senate resumed unless we received an invitation from the leader of the Government. But now we find that because we did not return in December we have had a deduction of four days' indemnity.

I arranged my business affairs on the assumption that when the Senate assembled yesterday it would continue to sit from day to day in order to carry on the business of the country, and I submit that the proposed adjournment is entirely too long. I am willing to stay in Ottawa for a fortnight, but I shall have a very difficult time holding myself down. Perhaps other senators will have a similar difficulty. Surely before that interval elapses there will be legislation from the other House for our consideration. However, in my judgment not much legislation should occupy the attention of Parliament this session; and may I humbly say to those gentlemen on the other side of this building who cannot hear my voice, that all we should be concerned about is the voting of money to carry on Canada's war effort. Recently when a member in the British House of Commons interjected certain remarks, Mr. Churchill interrupted him and said, "Let us get on with the war." I would apply his words to Canada. Let us in this country get on with the war—let us vote money for the purpose. Even if we have not such full confidence in those who are in charge of our national affairs as we might have, still I say there is nothing for this Parliament to do but vote money and so encourage the men in our Army and Navy and Air Force who are fighting for us overseas. I repeat, in all seriousness, that in my view the proposed adjournment is far too long. Indeed, if we adjourn for three weeks we may encourage members in the other Chamber to talk a week longer. I would suggest to the honourable leader of the Government that instead of the 25th the Senate do stand adjourned until the 18th of this month.

Hon. Mr. DUFF.

Some Hon. SENATORS: No, no.

Hon. Mr. DUFF: Surely by that date the other Chamber will have passed the money bills necessary for war purposes, and we shall be ready to give our attention to that legislation. Once more I submit that an adjournment of three weeks is entirely too long. I would point out that those of us who come from British Columbia and Nova Scotia, or even from New Brunswick and Alberta, cannot take advantage of the proposed adjournment to return home. I may be asked why. I reply, because to do so would disrupt all the arrangements we made for the carrying on of our business, in anticipation of a fairly lengthy attendance here. Let us remain in Ottawa. Then, should an emergency arise, we shall be on hand to attend to the business of the country. Last year when we went home honourable senators from Ontario and Quebec remained within easy reach of the Capital in order to be ready to answer a hasty summons from His Honour the Speaker; now we can do the same. Once again I ask the honourable leader of the Government to shorten the proposed adjournment to the 18th of the month. At that time, if for some reason or other no legislation is ready for us, we can adjourn for another week or fortnight.

Hon. Mr. DANDURAND: It is very hard to satisfy ninety-six senators with respect to this matter. My intention at first was to propose an adjournment until the 18th of the month, but, in order to meet the convenience of those members who come from the extreme east and west, I accepted their suggestion and extended the time to the 25th. I confess I was disappointed yesterday when I had to rise and say that I had no legislation to submit to the House. I felt my share of responsibility for this state of affairs. I thought my colleagues would have had something to send to us. In the circumstances I consider it my duty to accede to the request of the majority of members from the extreme east and west by proposing an adjournment long enough to enable them to return to their homes, with the understanding that if any emergent situation arises before the 25th we shall be called back by His Honour the Speaker.

Hon. Mr. DUFF: While I appreciate what the honourable leader of the Government has said, nevertheless I would remind honourable members that we are here in a legislative capacity. Even though we are not elected, the people we represent look to us to help carry on the country's affairs. If I have to pack my bags and return to Nova Scotia, what shall I say to my people when they ask, "Why have you come home again so soon?"

An Hon. SENATOR: Stay in Ottawa.

Hon. Mr. DUFF: It is all very well to say, "Stay in Ottawa." But, as I said a moment ago, in anticipation of being away from home for a considerable time, I, in common with other members, regulated my business affairs accordingly. In fact some of us had to stay up at night in order to straighten out matters before coming here. I say it is not fair to ask us to do nothing in Ottawa but twiddle our thumbs, especially in view of the critical situation confronting Canada and the rest of the Empire. I may say that I do not intend to go home if it is decided to adjourn until the 25th; I shall stay right here. But after the 25th I may have to go home to look after my bank account and try to straighten out my affairs before the end of the month. It is not, I submit, fair to the country or to the members of this Chamber, who have been at home since the 6th of December, that the Senate should adjourn now for another three weeks, and again I respectfully ask my honourable friend the leader of the Government to amend his motion by changing the date from the 25th to the 18th of this month.

The Hon. the SPEAKER: It is moved by Hon. Mr. Dandurand, seconded by Right Hon. Mr. Graham, that when the Senate adjourns to-day it stand adjourned until Tuesday evening, March 25, at 8 o'clock. Is it your pleasure to adopt the motion?

Hon. Mr. DUFF: No, no.

The motion was agreed to.

The Senate adjourned until Tuesday, March 25, at 8 p.m.

THE SENATE

Tuesday, March 25, 1941.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CARGO SHIP CONSTRUCTION INQUIRY

Hon. Mr. TANNER inquired of the Government:

Is the Government of Canada building or contracting for the building of cargo ships of steel or wood in Canada on Canadian account; or arranging to subsidize or otherwise promote construction of such ships in Canada on Canadian account? And how many of such ships are to be built, of what tonnage, and in what provinces?

Hon. Mr. DANDURAND: The answer I have is that the Department of Munitions and

Supply has invited tenders for the construction of cargo ships of steel of 4,700 tons in Canada on Canadian account. The number of ships to be constructed has not been determined, nor has the allocation of contracts by provinces.

CANADIAN AIR SQUADRONS INQUIRY

Hon. Mr. TANNER inquired of the Government:

1. What, in terms of aircraft and personnel, constitute a Canadian air squadron? If establishment is variable, what are the respective establishments in aircraft and personnel?

2. What is the number of Canadian air squadrons trained under the Commonwealth Air Training Plan now in service overseas; and what are the respective establishments of such air squadrons?

Hon. Mr. DANDURAND: The questions put by the honourable gentleman have been referred to the Department of National Defence for Air. The answer to both questions is that it is not considered to be in the public interest to divulge this information.

APPROPRIATION BILL NO. 1 FIRST READING

A message was received from the House of Commons with Bill 22, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1942.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, we are now approaching the end of the month of March. There would be no special haste in bringing this Bill before the Senate if we had not been notified that the House of Commons will adjourn from the 9th of April to the 28th of April. Honourable members of the Senate who are familiar with the obligations of the Government know that the appropriations for the public service of the current financial year will come to an end on the 1st of April, and that if the Bill were deferred to our subsequent meeting, which will not be until after Easter, it would be too late to meet the payments falling due on the 15th of April. That is why I have moved that the Bill be given second reading now.

The Bill would vote one-sixth of the estimates for the year, that is, \$37,725,207.65. It does not include the supplementary estimates that were brought before the other House this

week. The enabling clause of the measure reads as follows:

From and out of the Consolidated Revenue Fund there may be paid and applied a sum not exceeding in the whole thirty-seven million, seven hundred and twenty-five thousand, two hundred and seven dollars and sixty-five cents towards defraying the several charges and expenses of the public service, from the first day of April, one thousand nine hundred and forty-one to the thirty-first day of March, one thousand nine hundred and forty-two, not otherwise provided for, and being one-sixth of the amount of each of the items to be voted, set forth in the main estimates for the fiscal year ending the thirty-first day of March, one thousand nine hundred and forty-two, as laid before the House of Commons at the present session of Parliament.

Hon. J. A. CALDER: Honourable senators, as has been intimated, the King's Government must carry on. And it can carry on only if it has the necessary funds to do so. A very short period of the present fiscal year remains; so there is but one thing this House can do at the present time. After all, the Bill covers only one-sixth of the total estimates, and the right honourable leader on this side of the House (Right Hon. Mr. Meighen), and all other members as well, will have plenty of opportunity to consider and weigh all these items before the main estimates themselves are brought before us. So there is no reason why the passage of this Bill should be delayed.

Hon. Mr. DANDURAND: There used to be an almost sacramental condition attached to the passing of such a Bill: that the Senate, although voting one-sixth of the total supply, would be entitled to review all the items in the main estimates.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

BUSINESS OF THE SENATE—THE RECENT ADJOURNMENT

On the Orders of the Day:

Hon. M. RAOUL DANDURAND: Honourable senators, before the Orders of the Day are called, I should like to revert to a matter that was rather summarily discussed before we adjourned some three weeks ago. At that time we all regretted that no business could be submitted to this House, and I gave the principal reason why: that, this being a war session, it would be mainly concerned with the enactment of financial legislation relating to the war. That was accepted as a valid

Hon. Mr. DANDURAND.

reason. But the press generally, in commenting on the adjournment, expressed the desire that some work might be found for us to deal with while the financial legislation was going through the other House. Obviously, the answer was that only financial measures had been presented in the House of Commons, and, though I did my level best, I could find no legislation available to be initiated here.

But there was another reason which I could have given then, and I rise to give it now. It is this. The Ministers who are principally concerned in supervising and carrying on the work of what we may call the war departments are all in the other Chamber. They are the only persons who have the information sought by the representatives of the people. We have all followed the discussions in the Commons, and it has been quite apparent that the function of those Ministers was to impart information as to the working of their own departments. To do so they had to delve into details—something which could not have been done in this Chamber, because, perforce, the Senate would have had to rely on one who had not the information possessed by those Cabinet Ministers. Quite clearly the legislation in prospect appertained to the Commons, not only because it was financial, but also because all matters arising out of it related to the war departments, the heads of which were in the other House. I did not stress this second reason at the time, but I think I should now call attention to it as a reason consequential to my statement that all financial measures were bound to originate in the House of Commons.

Though we have been unable to help the House of Commons in the various inquiries which members initiated there and which are now being continued by a special committee, there is, I suggest, some consolation in the fact that under present circumstances our best contribution as members of this Chamber is silence, which testifies to our common sense, our wisdom and our patriotism.

Hon. J. A. CALDER: Honourable members, as regards the situation in which we find ourselves this session, I must say it has disturbed me considerably. To the outsider it must seem extraordinary that a body of this kind can play little or no part in these critical times. On the other hand, I appreciate the truth of all that has been said by the honourable leader on the other side of the House (Hon. Mr. Dandurand). We cannot dig into this situation effectively unless we disturb to a very large extent the organization of the various war departments. As the honourable gentleman has just said, those who would give us the information we should require, upon which to base a judgment, are

the busiest men in Ottawa at the present time, and while it might be very desirable for us to initiate inquiries along a number of very important lines, we are bound to take into consideration what effect that would have upon all the various departments, and particularly upon the chief officers of those departments and the responsible Ministers.

Now, I have a suggestion to make as to what might be done. As has been said, this is not a legislative session. We are not legislating in various directions for the good of Canada; we are dealing with a war situation, and the whole attention of Parliament is focused on that. This means comparatively little general legislation. This session Parliament is concerned with administration rather than with legislation for our own people. My suggestion is this. I do not think we should take another recess without at least canvassing the situation to see what can be done, and I would suggest to the honourable leader of the Government that when the right honourable leader on this side (Right Hon. Mr. Meighen) is again in his place, in the next day or two, they, with probably the assistance of a small committee, sit down for an hour or so and see whether there is not much useful work that this House may do when we meet after our next adjournment. It seems to me that so far as the public are concerned, they simply cannot understand why the abilities of a body such as this, composed very largely of men who have had long experience in public life and administrative work, should not be used to a much greater extent.

Let me repeat my suggestion, that the two leaders of the House and such other members as they may choose, consult together for some length of time in order to see whether something cannot be arranged whereby this body shall be made more useful than it appears to be at the present time.

Hon. Mr. DANDURAND: I desire to express the thanks of the Senate to a member sitting on the other side, the honourable gentleman from Montarville (Hon. Mr. Beau-bien), who suggested that certain work could well be done by the Senate. His suggestion was examined by a committee appointed for the purpose, who made a report. The public is not absolutely au fait with the effect of the work of that committee. I know that since the adjournment the committee's work has been continued by my honourable friend, who has kept in contact with the representatives of the various provinces as to the proper educational publicity which should be given throughout Canada. I repeat, I desire to thank him for having taken that initiative, which is to the credit of this Chamber.

ORDERS IN COUNCIL PASSED WHILE PARLIAMENT IN SESSION

Hon. Mr. DANDURAND: May I refer to a statement made in this Chamber shortly before the adjournment, that 2,600 Orders in Council had been passed while Parliament was in session. I asked for some information as to the nature of those documents, and this is the answer I have received:

During the periods the Houses of Parliament were sitting last year (from May 16 to August 7, and from November 7 to December 6), the Governor General in Council approved 2,659 Orders in Council.

Of these, the greatest number (1,947) authorized entry into contracts of every description—purchases, sales, transfers, leases, etc. The expenditures which these contracts entailed were covered by parliamentary appropriations. The contracts for war supplies far outweighed all others: they alone totalled 1,447.

A considerable portion of the remaining 712 Orders in Council concerned departmental matters, the carrying out of statutory provisions by the Governor in Council, etc. The number of Orders in Council having a specifically legislative character was comparatively small.

I think I should present that statement to explain why so many Orders in Council were passed during the session. As will be seen, they covered contracts and expenditures which had already been voted by Parliament.

CANADIAN AIR SQUADRONS—PUBLIC INFORMATION

Hon. C. E. TANNER: Honourable members, I suppose I must be content with the reply made to my inquiry with respect to aircraft—that it is not in the public interest to give certain information. Of course, I have no criticism of my honourable friend the leader of the House. He simply reads what someone in the department sends to him. But it strikes me as rather remarkable that, at any rate, that part of the question which related to the number of air squadrons was not answered. Over the radio I have heard the Prime Minister and other members of the Government state very positively that under the Commonwealth Training Plan we are sending twenty-five squadrons overseas. They had no hesitation at all in giving that information. Why, then, the secrecy about the matter?

In another place, on the 17th of March, since I put my inquiry on our Order Paper, the Minister for Air answered it in part by telling Parliament that we now have overseas three squadrons, complete in every respect. Although the Minister gave out that information, some understrapper down in the department writes, "It is not in the public interest" to tell anything about it. This is what the Minister for Air said:

We have three Royal Canadian Air Force squadrons of our own overseas, and have had

for several months. They are equipped, maintained and manned, as to both ground and air, by Canada.

We are pleased to know that. But what puzzles me is why these gentlemen below the Minister will not give out any information at all. I can read in British periodicals articles telling me of the composition of British air squadrons. I can see pictures of them in the illustrated periodicals. I can read about the Australian air squadrons, and can learn how many planes compose a squadron. But when we come to ask about a Canadian squadron, why, the whole thing is clouded in secrecy. I wonder if these gentlemen think that the German High Command, or the German Air Command, are a pack of simpletons—that they do not know right down to the last dot how many men and how many aircraft compose a Canadian squadron. I have no doubt that if I knew Mr. Goering and wrote to him he would give me full particulars. These gentlemen in this city seem to think they must not tell anything for fear the Germans may learn of it, yet the Germans know all about it. Never a ship leaves the shores of Canada that they do not know about. There is nothing done they do not know about. They have a system. But the people of Canada, who are providing the money and the men, are not told anything. I am not blaming my honourable friend at all, but am simply pointing out that while the Minister tells us something, someone down in the office says, "We cannot tell you anything."

Hon. Mr. DANDURAND: My honourable friend is right in stating that I sometimes bring to this Chamber information which has come to me from a department, and which I have not had occasion to test. When I received the statement bearing on my honourable friend's first question, I read the question again to see whether the Senate could not be given some answer which would satisfy my honourable friend. I wrote to the Minister himself, drawing his attention to the matter, and I received a reply stating that the answer was absolutely in conformity with his own view and could not be changed. I will now ask my honourable friend from Montarville (Hon. Mr. Beaubien) to translate for the honourable senator from Pictou (Hon. Mr. Tanner) this letter from the Minister for Air, who writes to me in French.

Hon. Mr. HAIG: While the honourable gentleman is translating the letter for the honourable member from Pictou, may I say that I have a similar protest to make, and that it probably should be made now. Last fall a gentleman in Winnipeg, whose son, a very distinguished graduate in medicine of

Hon. Mr. TANNER.

the University of Manitoba, was on a Canadian destroyer, was very anxious to know when the ship left Halifax. He could not find out. He later learned that when the ship was half way across the ocean the young man turned on the radio in his cabin and listened to a Berlin broadcast in English which said that this destroyer—naming it—had left Halifax on a certain day at a certain hour, and that it had been torpedoed in mid-Atlantic the night before.

Hon. Mr. DANDURAND: I have a better story than that.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: If my honourable friend would like the name of the ship and the name of the young doctor I will give them to him. I cannot see why in the world we maintain so much secrecy about our comings and goings in relation to the war when we can get the information from Berlin.

Hon. Mr. DANDURAND: I have had a similar experience. I have a close relative who lives not far from the place where the C.P.R. steamships come to the wharf in Quebec. While strolling along the Foulons, as it is called, he happened to see one of the Empresses tied up at the wharf. At seven o'clock the next morning, when he awoke, he turned on the radio and heard a short-wave broadcast from Berlin stating that that vessel, which had been just under his window, had left for New York at a certain hour. He dressed and hurried out to see if the boat had gone, and, sure enough, it had gone at the very hour mentioned.

Hon. Mr. TANNER: Over in England there is what is called the Eagle Squadron. That is a squadron organized by citizens of the United States. I think I could give my honourable friend a complete description of the number and personnel of that squadron, as published in London. But in Ottawa you cannot get any information.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Wednesday, March 26, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

CANADA'S NATIONAL HEALTH MOTION

Hon. ARTHUR SAUVE moved the following resolution:

1. Whereas the strength of the nation depends especially upon the health of the Canadian people;

2. Whereas the object of every effort, either individual or social, "is life itself, its preservation and development";

3. Whereas in this period of war, anguish and excess, it is all the more urgent to prevent disease by protecting and fortifying health;

Therefore, be it resolved that this House respectfully recommends that the Department of National Health of Canada do:

(a) deal more severely with the elements detrimental to health, especially with the increasing misuse of broadcast advertisements recommending panaceas or certain commercial articles of food and drink;

(b) see that the danger of the abuse of unsuitable foods and beverages be taught widely by the press and the radio and in schools;

(c) spread knowledge of the properties of wholesome foods and beverages.

He said (Translation): Two years ago, in this Chamber, I suggested that the Senate should, while awaiting legislation from the House of Commons, avoid or attenuate as much as possible the bad impression created by frequent and often misunderstood adjournments, by discussing motions on academic subjects having to do with the vital interests of the nation.

In accordance with this proposal, I have the honour to introduce the motion which is now before you.

Not being a physician, a physiologist, nor a specialist, I have not the slightest idea of delivering a lecture to my honourable colleagues, and certainly not to those whose professional knowledge and experience have made of them recognized experts.

My motion is within the province of legislators who have the power and duty to protect the human being from the cradle to the grave by seeking to place him in a position progressively to develop and use "his potential capacities, intellectual as well as physical and moral."

To those who may doubt this I would recommend the reading of the final report of the League of Nations' mixed committee on nutrition in its bearing upon health, agriculture and economics. They will find that nutrition is a physiological, economic, agricultural, industrial and commercial problem which claims the interest of all the parliaments of the world. In most countries tariff policies take into account the need of rational nutrition. The legislator should therefore associate himself with the physician with a view to protecting the human being against all contamination and preparing vigorous and well-balanced young men and women capable of intellectual development and the acquisition of a properly rounded education.

In a study of the conditions and problems of the country, Thomas Adams, adviser to the Federal Conservation Commission, said:

To conserve human resources means to increase the quantity and quality of human activity applicable to production. To diminish social evils and dangers to health is to prevent the waste of what we have and to make it possible to plan for future development. . . . Nothing is so vital to the interests of Canadian production as the conservation and development of human life. The advantage of a natural growth of population, as opposed to growth from outside, that is by immigration, has been recognized throughout the centuries. It has also been demonstrated by the investigations of the Conservation Commission.

The race to which I belong is a living example of this, since it owes its survival to the fecundity of its homes. This fecundity, though weakened by modern ways of life, still serves to compensate for deficiencies elsewhere.

The two great races rooted in the constructive traditions of the country have a particular and vital interest in arming themselves against the pernicious elements which threaten to diminish still more, to weaken or to destroy, their families. And is not health the motive power of the family—sound, robust, well-nourished health at the service of an enlightened mind?

Science and experience have shown that the chief secret of health and of its prolongation lies in wholesome nourishment. In his preface to Miss Michelle Gosselin's excellent treatise on rational nutrition, Dr. Henri Gariépy, the eminent specialist in charge of the department of nutritional diseases at Notre Dame hospital, speaks of nutrition as follows:

It makes it possible for us to teach everyone what he should eat in order to grow and develop normally, to get the full benefit of his organs, to prevent their premature wearing out and to delay the infirmities of age. Nutritional hygiene, the basis of preventive medicine, is derived from our knowledge of normal nutrition.

We live in a beautiful country. The pure air of its great spaces and the abundant variety of its choice foodstuffs are sources of health which we should prize to a greater extent than we have done, as valuable assets and inestimable privileges.

The object of my motion is not so much to criticize the governmental authorities as to set forth facts indicating our national weakness in tolerating a misuse of advertising tending to pervert the education of the people. It would be unjust and foolish to deny the progress made in the field of nutrition in Canada, both hygienically and socially; but this progress has not been proportionate to the facilities offered by the development of the science of nutrition.

My information, I admit, has been drawn mostly from my own province. I believe, however, that the general data I have gathered are applicable to the other provinces of Canada as well.

In order to meet the needs of the people, as well as the new conditions of nutritional science applied in proximity to a great country becoming more and more imposing and attractive, our governments have organizations which follow and note the evolution of nutrition throughout the world. How is it done for this country? Our governments have considerable data at their disposal, though perhaps not classified as well as possible, and perhaps not put to practical use.

With our immense productive areas, with our abundance and variety of foodstuffs, with our methods of canning and refrigeration, can there be in Canada a real and dangerous nutritional problem? If there is one, how can we solve it?

We have a nutritional problem because of our ignorance of how to live. We do not know how to live, that is, we do not know what is good for us to eat and to drink. We eat and drink too much of what an old farmer back home once called "disease-creating stuff". We lack a sound system of preventive education. Our information is abundant, but our teaching is defective. We have not provided our teachers with enough of that apostolic and penetrating education which should be effectively inculcated in the minds of our people by means of practical teaching given by competent persons, unhindered by a lamentable lack of funds or of time.

According to statistics supplied by Dr. J. G. Hood, head of the Food Inspection Department of the City of Montreal, the daily per capita consumption of milk amounted in 1938 to 0.64 of a pint. Another authority states that there has been a decrease in Montreal in 1940, in spite of a slight increase in the quantity received and used in personal consumption and in manufacturing operations: ice cream, etc. The consumption in 1940, in Montreal, is estimated at 79,000 gallons for a population of a million. This is very low. I mentioned the metropolis of the country, but many other cities are in a similar position. On the other hand, the consumption of undesirable beverages has increased by 35 per cent in the last three years.

The Ontario Medical Association, I must say, shows a much more favourable percentage for Ontario in the consumption of milk by children from one to six years of age. According to one author, the Canadian Council of Child Welfare claims that approximately nine-tenths of the children of Canada suffer from rickets (C.C.C.W., No. 44A). I have not been

able to verify this percentage. However, an excellent general practitioner, Dr. A. LeBrun, of Montreal, told me last Sunday how surprised he was to find so many young people in poor health without knowing it. The army medical tests reveal an alarming state of affairs, which needs to be corrected.

Of course, there are respectable exceptions. They are found mostly in the higher schools, but, unfortunately, not at all or too little in our rural schools. I do not mean by this to criticize the teachers; it is the system that is at fault. Household science is given an excessive, an exclusive importance, to the detriment of the science of nutrition. To the detriment of the quality required for health, too much attention is paid to the appearance of the dishes served.

In my search for information to support this motion I applied, among others, to the Department of Health at Ottawa, to the Department of Health at Quebec, to Dr. Bérard, of the City of Montreal food department, to Dr. Adrien Plouffe, of the Montreal health department, to certain department heads at Quebec and to teaching communities. They all answered me very kindly, though the information they had was not always up to date. However, I owe them all thanks for their courtesy. Their answers confirmed my impression that, generally speaking, the teachers are well acquainted with the manuals of household science, but have little knowledge of the science of nutrition. In our household science schools cooking receives much more attention than the choice of foods. A senior health officer found that my impression was right. The teaching of the culinary art offers many advantages; its necessity is well established; it should supplement the teaching of the science of nutrition. A doctor writes:

If you are surprised at the number of children who are ill and the number of adults suffering from nutritional diseases, take a count of your teachers of rational nutrition.

Our people need to know: (a) the needs of the body; (b) the chemical composition of foodstuffs; (c) the utilization of food by the human organism. These subjects are generally unknown or little understood.

This beneficent science has been too little popularized. Our ignorance of how to live has deprived us of what is best in scientific discovery. The infant obtains his initial vital strength from the sound nourishment of his mother. The head of the tuberculosis department at Sacred Heart Hospital, Dr. Georges Mignault, of Montreal, an eminent specialist in tuberculosis and heart disease, told me some time ago that numerous cases of tuberculosis have their origin in weakness

caused by faulty nourishment of the mother. Is that not one of the consequences of a defective or incomplete education?

It is forbidden to kill one's neighbour, to cause his killing or to let him be killed. The law prohibits the carrying of arms without a permit. But what are the authorities doing to check the murderous elements which are poisoning the food of our young people? Improper nutrition takes more lives than firearms do.

When physicians point out the danger, what answer does the Government give them? Where is there effective co-operation with the medical profession? What are our rulers doing? What measures are they taking to combat the lies and the perversions of liberty, which are the chief weaknesses of modern democracy?

Again, I disclaim all intention of accusing our governments of inaction. That would be showing either ignorance or bad faith. What I want to point out is that our governments have not obtained from their health organizations the results which the people need more and more urgently. It is all very well to have technicians and statisticians, but they should be high-souled and vigilant. Scientists and analysts, yes, but also apostles, active propagandists properly equipped and in intelligent contact with the people; publicity tending to popularize nutritional science, not solely for commercial purposes, but above all for the salutary education of the Canadian people. The weakness of our educational policy is also due to false economy on the part of government. Excellent plans have been drawn up, but insufficient money has been provided to carry them out.

I do not wish to preach pessimism or to pose as a Puritan. I am no extremist, although I consider extremism sometimes necessary to the establishment of a happy medium. It finally leads to moderation. I wish to denounce an evil which is daily spreading before our eyes, an evil noticed by everyone and deplored particularly by the maturer people. It is the duty of men of experience and responsibility to combat this abuse.

To the natural water which God had made indispensable to all beings, modern civilized man is pleased to prefer aromatic beverages and, still worse, drugged, narcotized beverages which are injurious to his health. The beneficial effect of the oxygen, hydrogen and nitrogen present in water is destroyed by artificial substances designed to further the aims of commercial exploiters. Thus, our perverted education makes people prefer death to life.

Milk is defined as "a food containing in the right proportions all the substances required for the maintenance and repair of the tissues." Milk is indispensable, particularly for children and adolescents. But what do we see? Young girls breakfasting on a glass of toxic beverage, which acts on the heart and the nerves, and toasted white bread or cake, while slowly inhaling a cigarette or two, letting the smoke pass through the brain and out of the nostrils. Mothers of to-morrow, please read "The Poison Trail," by Dr. Boos, a specialist in toxics, and you will see the consequences of your disregard of the rules of health.

The other day, on the train from Montreal to Ottawa, a distance of about 110 miles, I saw three young soldiers drink three bottles each of one of the most advertised and over-indulged in of the popular beverages. Yet there was at hand excellent drinking water obtainable without cost. I have noticed many other lamentable occurrences. I could mention harmful practices due to a lack of education or to the caprices of a perverted education.

What is the unfortunate consequence of this state of affairs? The millions of dollars that Canada spends in vain to protect its people; a slight, but totally insufficient, improvement in the total number of deaths, which, however, is still far too high in a country having such a salubrious climate and such an abundance of highly nutritive foodstuffs. This total is not at all proportionate to the progress made in sanitary science. It shows rather misuse on the part of the people and lack of leadership from the authorities. Should the State not react more effectively against this social and economic evil?

The true remedy lies in educating the people through popularizing the science of rational feeding and in proper living. This education should be given in the elementary schools, in the Press and by the radio, but with full efficiency and a firm and constant desire to attain the objective aimed at, that is to say, the thorough instruction of the people in matters of health and their entire submission to the laws enacted for their protection.

There are on our teaching staffs and in our hospitals persons thoroughly versed in the principles of hygiene. But are they in a position to communicate their knowledge effectively to the people of the country through well-trained school teachers conscious of their duty and of the needs of the people? I think not. Therein lies our chief weakness. How many rural school teachers between the ages of 18 and 23 are able to give this kind of service? How many school principals? Certainly, there are noble exceptions. But

the school mistress wholly intent upon her task is likewise an exception. She is usually there only temporarily, subject to the will of a school board, while fondly awaiting the home for which she feels naturally and deservedly destined. She should not be blamed for that, as her stock of knowledge will serve to make her home more pleasant and enlightened.

The most effective means of popularization are the Press and the radio. The Press can be particularly useful in the matter by publishing lucid, attractive articles written by physicians who know the subject thoroughly, as, for example, the articles of Dr. Adrien Plouffe published in certain Montreal newspapers.

The Canadian Broadcasting Act and the regulations governing transmitting stations aimed at maintaining and raising the standards of Canadian broadcasting. This is referred to in the report of the Minister of National Health, page 122. But as this Act contained no provision relating to misleading advertising, it was amended in 1929 (sections 32a and 123) in order to provide that the proper authority should examine, as far as possible, all advertising of foods and drugs published in newspapers, magazines and periodicals. This task was assigned to a special bureau established at Ottawa, directed by a federal analyst aided by one stenographer. This bureau is said to have investigated a surprising number of newspapers and of advertisements intended for broadcasting.

For radio advertising alone, states the 1940 report of the Department of Health, there are 350 files. One chief and one stenographer for such a task! I do not know how the bureau interprets the Act and how it decides whether a text is misleading or not, but I cannot overlook the more and more misleading character of radio advertising. Lying has been industrialized and is being broadcast over the radio waves with the assistance of actors who are specialists in commercial publicity. It seems to me that some of these "sketch" artists would be more useful under the direction of physiologists employed by the State to broadcast the science of rational nutrition and make of it the mistress of household science. I respect these actors. The guilt is not theirs. Why let these intelligent and clever people carry on nefarious exploitation when they could be so useful to the cause of true education?

It is not only simpletons who get caught by the present-day advertising devices. Vitamins are being exploited with a quasi-diabolical ingenuity. People are being led

by suggestion to believe themselves sick. The announcer often assumes the role of a physician. I have no objection to the advertising of the quality of a product, but I am distinctly opposed to the announcer assuming the role of the doctor or the physiologist for the purpose of recommending patent medicines, beverages or foods as cure-alls.

Ever since the studies of Hopkins, of Cambridge University, on the essential need of vitamins, rational nutrition has progressed, but not so much as if it had had a larger number of apostles, of propagandists to introduce it and popularize it.

It is not enough to point out that a committee of the League of Nations has established a biological standardization of vitamins; the chief need is to make the people understand what a vitamin is, and what are its qualities and its effects on various constitutions.

In her treatise on rational nutrition, the most if not the only really useful one in the province of Quebec, Miss Gosselin very sensibly says:

It should be possible to draw up a programme of education in nutritional hygiene suited to our mentality and our means of action.

She suggests that a committee of experts be appointed to study scientifically and systematically the problem of the better utilization of food products of the province of Quebec and to establish the advantages of teaching rational nutrition. She suggests also that this teaching be given in the elementary schools, the high schools and the universities, with post-graduate courses especially intended for housewives. Miss Gosselin made these suggestions late in 1939.

Quebec is not the only province in need of this teaching, as we can easily see by reading official reports and observing the habits and health of our people in general. As the honourable leader of the Government well knows, the Quebec authorities have given particular attention to the question of health and of household science. He attended one of the many conventions held in our province, where he delivered a highly-praised speech. Another member of this House (Hon. Mr. David), whom I am pleased to see here, showed a special interest in these questions when he was Provincial Secretary. It is not they, therefore, who would deny to this House the right, the power and the duty to deal with the vital problem of nutrition in this country.

Should my motion contribute in the least to an improvement of the situation, I should be most happy.

Hon. Mr. SAUVE.

Hon. GUSTAVE LACASSE (Translation): Honourable senators, first of all, I wish to thank the honourable member who has just taken his seat, for having so clearly established that, after all, this Chamber has some potential utility and is capable of dealing with the great social questions which concern the entire nation. I frankly admit that I little expected that my honourable friend from Rigaud, who is a professional journalist, would make such a fine exposition of a subject with which he might be more familiar. Nevertheless, I congratulate him on having succeeded in proving the points he has advanced. I compliment him on the valuable data he has gathered and on his happy choice of the authorities whose opinions he has transmitted to us.

Reverting to what I have just alluded to, I must say that I had myself intended to raise, in a similar way, another question of more immediate and practical interest. I may do so before long, if the opportunity occurs. I shall briefly mention the question now, in order to justify my bringing it up. I desire to refer, honourable senators, to the post-war problems. Of course, we are all agreed that the first need is to win the war. However, I am not alone in thinking that we should exercise all the foresight and proper prudence possible, in view of the general disorder which will possibly and even probably follow the present conflict. This thought has inspired, not only in Canada, but also in neighbouring countries, expressions of opinion regarding the post-war problems. In fact, it is our bounden duty to try to foresee, in so far as it is possible to do so, the results which will follow in every domain. I think I can quite properly connect this idea with the magnificent exposition by my honourable colleague from Rigaud.

The question of nutrition was yesterday, is to-day and will be to-morrow one of the most serious problems in all the countries of the world. When the present war, which is the greatest instrument of destruction, comes to an end, we shall have to think of the indispensable feeding of the various populations affected. Then we shall have to provide for the essential needs of the nation. This is a law of compensation imposed upon us by Providence.

I intend to be brief. I rose simply to move the adjournment of the debate on this motion, because it is my duty, as it is the duty of all honourable senators belonging to the medical profession, to take part in it. We are entitled to a little time in which to gather together facts and evidence pertinent to the subject.

I shall, however, take the liberty of referring at present to the very intelligent and practical initiative taken not very long ago, and inspired by our famous unemployment situation, when, as honourable members all know, family allowances were often inadequate for the essential needs of the household. The Canadian Medical Association published, some three years ago, a pamphlet containing some very practical advice on rational nutrition, which won the approval and the co-operation of the life insurance companies. In fact, these companies took upon themselves, in great measure, to distribute this pamphlet and even used it in their advertising. This initiative had a doubly beneficial result, inasmuch as it not only tended to promote nutritional hygiene, but also contributed to lessen the waste occurring in so many homes.

I now have the honour to move the adjournment of the debate till Tuesday next.

The debate was adjourned.

WAR APPROPRIATION BILL

FIRST READING

A message was received from the House of Commons with Bill 19, an Act for granting to His Majesty aid for National Defence and Security.

The Bill was read the first time.

MOTION FOR SECOND READING

The Hon. the SPEAKER: When shall this Bill be set down for second reading?

Hon. Mr. DANDURAND: With leave of the Senate, I would move that the motion for second reading be placed on the Order Paper for to-morrow.

The motion was agreed to.

MEAT AND CANNED FOODS BILL

FIRST READING

A message was received from the House of Commons with Bill 14, an Act to amend the Meat and Canned Foods Act (Fish and Shellfish).

The Bill was read the first time.

MOTION FOR SECOND READING

The Hon. the SPEAKER: When shall this Bill be set down for second reading?

Hon. Mr. DANDURAND: I have not yet had an opportunity to read the Bill. This measure may have to be referred to the Committee on Agriculture, and I would move that the motion for second reading be placed on the Order Paper for to-morrow.

Right Hon. Mr. MEIGHEN: I have no objection to that, honourable senators, although the Bill has apparently not been printed; at any rate it is not on my file. As it is a measure submitted to Parliament, I suppose I may presume it is of very little importance.

Hon. Mr. DANDURAND: It has reached us here in company with one which seems to be relatively quite important.

Right Hon. Mr. MEIGHEN: Of course money bills have to come before Parliament.

Hon. Mr. DANDURAND: Perhaps we could set the Bill down for to-morrow, by which time it may be distributed.

Right Hon. Mr. MEIGHEN: All right.

The motion was agreed to.

OTTAWA AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 23, an Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

The Bill was read the first time.

MOTION FOR SECOND READING

The Hon. the SPEAKER: When shall this Bill be set down for second reading?

Hon. Mr. DANDURAND: As honourable members know, a similar bill comes before us every year, to sanction a subsidy of \$100,000 to the city of Ottawa. The same amount is provided for in the present measure, and I wonder if there is any desire to discuss the matter.

Right Hon. Mr. MEIGHEN: The honourable senator from Ottawa East (Hon. Mr. Coté) sometimes speaks on this subject and wants more money for Ottawa. He happens not to be present at the moment.

Hon. Mr. DANDURAND: I have heard the opinion expressed elsewhere that this would perhaps be a good time to reduce the amount.

Right Hon. Mr. MEIGHEN: Let us have second reading set down for to-morrow.

Hon. Mr. DANDURAND: I move that the motion for second reading of this Bill be placed on the Order Paper for to-morrow.

The motion was agreed to.

THE LATE SENATOR HUGHES

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, since separating, on March 5, we

Hon. Mr. DANDURAND.

have been informed of the demise of one of our colleagues, the Hon. J. J. Hughes.

Senator Hughes had been a member of the House of Commons for some twenty years, but his interest in public affairs began as far back as 1900. I did not follow his career closely while he was in the other House, but on his appointment to the Senate in 1925 I noticed that he soon evinced a keen interest in questions of domestic and foreign trade. He consistently advocated freer trade, and strongly favoured any reciprocal arrangements with our neighbour to the south. This doctrine was in harmony with the commercial interests of his own province, Prince Edward Island, which has to sell in an open and buy in a sheltered or protected market. Senator Hughes had studied the principles of political economy and gave us a number of interesting discourses on that science. He also participated in our debates on other questions, and regularly attended our committee meetings, taking an active part in all our work.

In latter years we heard an echo of his religious life, for he was a devout member of his Church and a constant student of the Holy Bible. During recent sessions we often heard our colleague warn us that the cataclysm which has shaken the world was caused by man's estrangement from Christian teachings, and that his only hope of salvation lay in his return to the great moral and religious principles to be found in the Bible. This was a note not often heard in Parliament, and we respected him all the more for his constant affirmation of those principles.

I deem it my duty on behalf of all the members of this Chamber to request that His Honour the Speaker convey our sympathy to the late senator's widow and children.

Right Hon. ARTHUR MEIGHEN: Honourable members, the late Senator Hughes had been a member of the House of Commons for eight years before it was my privilege to enter that Chamber. He was defeated in 1908, the year of my entry, but was returned again in 1911, and sat for six years. He was re-elected in 1921. In 1925 he became a member of this Chamber, and for nine years has been one of my colleagues here. So I got to know the honourable gentleman very well. His convictions were, as the honourable senator who leads this House has said, very firm and unequivocal. His mind was such as seldom admitted of doubt. He was by occupation a merchant, and had a very practical way of looking at public questions. If a question was one of practical business, I think he exercised more than ordinary intelligence in coming to his judgment on it. He was, as we all know, a very firm partisan and an un-

wavering follower of the Liberal faith. I told him once that I had no great difficulty in convincing him, but extreme difficulty in getting his vote.

We had an insight into the mind and into the very character of the honourable gentleman in recent years. His views on religious matters he never hesitated to expound. In such matters, which really comprise the reaction of the human mind to the mystery of life, he had no doubtings, no questionings. He was basic and fundamental: to him the Bible—every verse, every line and every letter—was the Eternal Word.

In the province from which he came he was a personality thoroughly well known and universally esteemed. He lived to a grand old age, for soon he would have been eighty-five. He had political reverses, but over the range of years his life was a successful one. Any man who has served in both Houses of Parliament for no less than thirty years must have gifts which commend him, and such gifts Senator Hughes possessed. As the years passed we understood him better, and his character seemed to mellow. I am sure we on this side all lament, as do honourable gentlemen opposite, that he will be with us no more.

Hon. CREELMAN MacARTHUR: Honourable senators, as a colleague of the late lamented Senator Hughes, coming from the same province and having been his deskmate for some years, I deem it not out of place that I should attempt to fill in the splendid outlines of the character of the late senator given by the leader of the House and the right honourable the leader opposite. I think that perhaps with one exception, the honourable member from Cardigan (Hon. J. A. Macdonald), I knew the late Senator Hughes longer than did anybody else in this House. The honourable senator from Cardigan lived only a few miles from him, while I lived a good many miles to the westward.

The late senator entered public life in 1900, and was a candidate at every federal election until 1930. In 1904 he had as his opponent the late Hon. John McLean, for many years a member of this House, whom he defeated. In the election of 1908 he had his one real defeat in his long political career, his opponent being Mr. A. L. Fraser, who subsequently was appointed County Judge. True, in 1917, although he had a magnificent majority, he was not able to take his seat in the House of Commons, the switching of soldiers' votes precluding him from doing so. To show his popularity among his own people I may say that when the Liberal party went down to defeat in 1911 Senator Hughes was elected with a good majority. He was the first

mayor of Souris, and always took an active part in anything relating to civic welfare. He was a great worker, and very well known.

His career in the House of Commons was contemporaneous with those important events in Canada's history, the building of the Transcontinental Railway and the coming of the new Western Provinces into Confederation.

He had a very successful career as a merchant. When he was in the House of Commons he had six stores—the main store in Souris, and five branches scattered throughout the county. He found, however, as many others do, that to engage in politics was not a paying proposition; so he decided to concentrate his energy and consolidate his capital by confining his business to Souris.

At twenty years of age he was a bank clerk in Halifax. Eight years afterwards he was appointed manager of the Merchants' Bank, of Prince Edward Island.

One of the speakers who preceded me mentioned that Senator Hughes was a very strong believer in his political and religious faiths. It was my privilege to talk with him many times in my room, or in his, and, though on some matters we agreed to disagree, I well remember the happy consummation of a certain piece of legislation introduced by him, which must have given great satisfaction to him, as it did to me. Honourable Senator Hughes, as perhaps very few realized, had a fine sense of humour. Many a time he told me of his political experiences in such an inimitable way as to keep me in roars of laughter.

We shall miss his yearly discourses on matters not material. He always tried to guide our thoughts to higher things. Every session we heard his little talk with pleasure and appreciation. As an evidence of his tolerance, I may say that I have been asked on several occasions to what Protestant denomination he belonged. After his evangelical homily each session it was thought he could not belong to the true faith.

He leaves behind him his aged widow, a son who represents the First District of King's in the Prince Edward Island Legislature, and a married daughter. I am sure we all feel for them in their irreparable loss, and I join with the leader of the House and the right honourable leader opposite in expressing to them our sympathy in the demise of the late Senator Hughes.

Hon. JOHN A. MACDONALD: Honourable senators, coming as I do from the same county as the late Senator Hughes, I should like to join my voice with the voices of those who have already spoken, and say that all of

us who knew the late senator well are prepared to vouch for his character, his honesty, earnestness and sincerity in public life, and to give him credit for doing his best for the county he represented. I hope that when the vacancy left by his departure is filled, as good a man as the late Senator Hughes will have been found to fill it.

CANADIAN AIR SQUADRONS—PUBLIC INFORMATION

Hon. C. E. TANNER: Honourable members, before the Orders of the Day are called I should like to take a few minutes to emphasize a bit of information which, to my mind, is in very heartening contrast to the secrecy that enveloped us yesterday. I am sure that if my honourable friend the leader of the House has not already observed this information he will be much pleased to hear of it, as will honourable members of the House generally.

Yesterday I found it necessary to quote the Minister of Defence for Air by way of a rebuke to one of his subordinates. Personally I have a great admiration for the Minister of Defence for Air—a feeling that I believe is very general.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. TANNER: I think nearly everyone has admiration for him and is confident that he is making a very serious and successful effort to take up the slack of the Commonwealth Air Training Scheme. It is my observation that he is a man who, when there are difficulties, is not afraid to tell about them. On the other hand, when there are good things to tell, he tells about them too. There is no secrecy about him.

I was delighted to-day when I picked up the morning paper and read about a speech he had made in Toronto last night. I am not going to read the whole speech, but I wish to emphasize it. The Minister was speaking on behalf of the War Services Campaign, and he is reported as saying:

If, as we read in the press over the week-end, there will be 20,000 American aircraft delivered to Britain within the next fifteen or eighteen months, every one of them and more will be manned by graduates of the British Commonwealth Air Training Plan.

Then he added:

We'll send them pilots to handle them, observers to navigate them and gunners to fight them; and I am confident that when they reach Britain by their thousands they will sweep the enemy not only from the skies of Britain, but of Europe.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. TANNER: All I want to add is that that is the kind of information to send

Hon. Mr. MACDONALD.

over to Mr. Hitler; that is the kind of talk that heartens the people of this country, the people of Great Britain, and of the Commonwealth generally, and not this stuff about secrecy. That is the kind of talk Lord Beaverbrook gives the people in England. When he was broadcasting the other night he told the world that Britain had aircraft stored in every part of the British Isles, and he was not afraid to tell the Germans how she had produced, and had ready for fighting, five new types of aircraft of the most modern kind. That kind of thing, and reliable information such as Mr. Power gives out, are just what the people want.

May I say just a word about aircraft? Of course, the Minister for Air cannot make progress until he gets training aircraft. We all know that the production of such equipment had bogged down very badly. I remember two or three speeches by Mr. Power, one delivered in Montreal and another up here, in which he complained very bitterly and openly about not being able to get planes. The situation is better now, though. During the recess I read reams of speeches delivered in another place, but I was unable to find out from them just what we were producing in the way of aircraft. However, a few days ago I received the report of a meeting of shareholders of the Canadian Car and Foundry Company, and I saw that the president of the company had stated in his address just what they were doing. It was a very heartening statement to read. He said they had had a contract for forty Hurricanes, every one of which had been built and delivered. He did not mention whether deliveries had been made on schedule or not; he simply remarked that the machines had been finished five months ahead of time. And he went on to say that the company now has another contract, from the British Government, for 560 Hurricanes. The company are making these out at the head of the Lakes, I think, and they are doing well on them. I could never get any information like that from speeches made in the House of Commons. Why should this be so?

Hon. Mr. DANDURAND: My honourable friend apparently missed the speeches of the Hon. Mr. Howe.

Hon. Mr. TANNER: When it comes to stating facts, Mr. Howe is a great evader. I think he takes first place in that way.

Hon. Mr. LACASSE: How?

Hon. Mr. TANNER: However, two or three days ago I did get some further valuable facts about our aircraft production. But I got these from a newspaper, the Montreal Gazette, of last Saturday, I think. Mr. Ralph

Bell, Director General of Aircraft Production, who happens to be a well-known Nova Scotian, convoyed a party of newspapermen to Montreal and took them all over the three aircraft plants down there. He talked to the newspapermen freely and openly, and the Gazette published what he said. He explained difficulties with which the plants had at first been confronted, and I think this was a very proper thing for him to do. Later he dealt with the situation as it is at present, and stated we are now producing 180 aircraft per month. That is the first time I ever saw any such statement; nothing like that was ever given in any speech in the House of Commons. He further announced that within a very short time a two-engine bomber of large calibre would be in production. These are very pleasing things to read.

I repeat, honourable senators, it is facts we want. Let us face the facts, whether they are good, bad or indifferent.

PRIVATE BILL SECOND READING

Hon. Mr. HAYDEN moved the second reading of Bill C, an Act to incorporate the Ukrainian Catholic Mission of the Most Holy Redeemer.

Right Hon. Mr. MEIGHEN: Is it the intention to send this measure to the Private Bills Committee?

Hon. Mr. HAYDEN: I intended to move after second reading, that the Bill be referred to the Committee on Miscellaneous Private Bills.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Hayden, the Bill was referred to the Standing Committee on Miscellaneous Private Bills.

DIVORCE BILLS FIRST READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill D, an Act for the relief of John Hubert Fox.

Bill E, an Act for the relief of Dorothy Jean Fletcher.

Bill F, an Act for the relief of Lillian Bald Ellison.

Bill G, an Act for the relief of Clavell Filliter Stroud.

Bill H, an Act for the relief of Mary Marion Grey McKay.

Bill I, an Act for the relief of Frances Goldberg Joseph.

Bill J, an Act for the relief of Alice Weill Sedlak.

Bill K, an Act for the relief of Marguerite Marie Rita Duchesneau Goulet.

Bill L, an Act for the relief of Edna Irene Yertaw.

Bill M, an Act for the relief of Gordon Alexander Cowan.

Bill N, an Act for the relief of Marion Cameron MacLaurin Nelson.

Bill O, an Act for the relief of Ann Elsie Buckley.

Bill P, an Act for the relief of Kenneth Grier Thornton.

Bill Q, an Act for the relief of Hubert Earl Roberts.

Bill R, an Act for the relief of Annie Elizabeth Cunningham Wheatley.

Bill S, an Act for the relief of Dorothy Theresa Downard Street.

Bill T, an Act for the relief of John Greig.

Bill U, an Act for the relief of Lloyd Charles Edward Francis Fulford.

Bill V, an Act for the relief of Joseph Gaston Yvano René Dupuis.

Bill W, an Act for the relief of Audrey Alexine Stephenson Smyth.

Bill X, an Act for the relief of Lillian Shapiro Denenberg.

Bill Y, an Act for the relief of David Rainville.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Thursday, March 27, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILLS FIRST READINGS

Bill Z, an Act respecting Consolidated Fire and Casualty Insurance Company.—Hon. Mr. McGuire.

Bill A2, an Act respecting the Ontario and Minnesota Power Company Limited.—Hon. Mr. Paterson.

Bill B2, an Act respecting British Columbia Telephone Company.—Hon. Mr. Farris.

Bill C2, an Act to incorporate the Roman Catholic Episcopal Corporation of James Bay.—Hon. Mr. Coté.

Bill D2, an Act respecting the Wawanesa Mutual Insurance Company.—Hon. Mr. Haig.

Bill E2, an Act respecting United Grain Growers Limited.—Hon. Mr. Buchanan.

Right Hon. Mr. MEIGHEN: May I ask the honourable senator from Lethbridge (Hon. Mr. Buchanan) if Bill E2 is the same measure that was presented last session?

Hon. Mr. BUCHANAN: Not as far as I am aware. I think it is an entirely new Bill. It provides for a change in the set-up of the capital stock, with regard to preference and common shares.

Right Hon. Mr. MEIGHEN: That is the same as the one of last year.

SECOND READINGS

Hon. Mr. FARRIS moved that Rule 23 (f) be suspended in so far as it relates to Bill B2, an Act respecting British Columbia Telephone Company, and that the Bill be now read a second time and referred to the Standing Committee on Railways, Telegraphs and Harbours.

The motion was agreed to, and the Bill was read the second time, and referred to the Standing Committee on Railways, Telegraphs and Harbours.

Hon. Mr. HAIG moved that Rule 23 (f) be suspended in so far as it relates to Bill D2, an Act respecting the Wawanesa Mutual Insurance Company, and that the Bill be now read a second time and referred to the Standing Committee on Banking and Commerce.

The motion was agreed to, and the Bill was read the second time, and referred to the Standing Committee on Banking and Commerce.

WAR APPROPRIATION BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 19, an Act for granting to His Majesty aid for National Defence and Security.

He said: Honourable senators, this Bill is substantially in the same form as the War Appropriation Act passed last summer. The Minister of Finance gave to the other House the essential features of the Bill and the reasons for its form and matter, which I now bring to the Senate in the very terms he used when he introduced the measure:

The essential features of the Bill are:

(1) A vote of credit.

(2) A grant of borrowing authority; that is to say, it gives the Governor in Council power to borrow funds to pay for any of the expenditures covered by the vote of credit.

(3) It confers power to make temporary recoverable advances to any allied government.

The only change of substance is a provision authorizing the Governor in Council to re-expend refunds of expenditure or repayments of advances or loans made under this or any

Hon. Mr. ROBINSON.

previous War Appropriation Act. For example, when a Dominion wholly-owned corporation buys, let us say, rubber or silk, the purchase price is charged against the war appropriation. Later the Government corporation sells the rubber or silk to firms which have war contracts, and the Government is reimbursed for its original expenditure. The purpose of the amendment—perhaps I should call it the new feature of this Bill—is to allow the amount reimbursed to be re-expended without the making of an additional appropriation.

The same principle is involved in connection with temporary advances or loans which are really in the nature of revolving funds. The adoption of the new principle will avoid duplication or pyramiding of expenditures or loans.

Expenditures under last year's Act:

Under the War Appropriation Act of 1940, which was assented to on May 29, \$700,000,000 was provided for war expenditures. In the budget brought down by the present Minister of National Defence (Mr. Ralston), then Minister of Finance, in June of 1940, he stated that the amount required for the full fiscal year would be larger than this total by perhaps \$150,000,000 to \$200,000,000.

Now, what has been the actual experience? For this fiscal year up to January 31 the actual cash outgo on the Dominion war account has amounted to \$538,804,000, excluding \$27,133,000 of disbursements recoverable from the United Kingdom or other allied governments. This amount is broken down as follows:

Militia services.....	\$268,686,000
Naval services.....	57,990,000
Air Force	
Home war defence and over-	
seas	41,188,000
Air training plan—Canada..	86,294,000
Other defence services (admin-	
istration, internment, censor-	
ship, Royal Military College,	
etc.)	4,155,000
Department of Munitions and	
Supply	61,951,000
Other departments.....	18,540,000
	<u>\$538,804,000</u>

This total does not take full account of obligations incurred overseas for which accounts have not yet been rendered by the United Kingdom Government. We have made certain advances on account, pending the working out of final accounting arrangements, including per capita issue rates for various supplies and services.

For the full fiscal year it is now estimated that our total war expenditures will approximate \$875,000,000.

That is to say, for the present year, which is about to run out.

That is the closest, the most accurate estimate that can be made now. It means a rapid expenditure during the remaining months of the fiscal year; the expenditure being made now is at a rapid rate. Starting at relatively low levels in the early spring and summer months—approximately \$25,000,000 a month in the first quarter of the fiscal year—our war expenditures increased rapidly, amounting in December to \$84,000,000 and in January to \$87,000,000. This is at a rate of over a billion dollars a year.

In planning the war programme for the coming year—

which is now before us in the form of the Bill I am presenting—

we have had regard to the following factors:

(a) The physical capacity of Canada to produce equipment and supplies for ourselves and Britain;

(b) Our consultations with the British Government as to the forms our effort should take in order to make the most effective contribution to the joint cause; and

(c) Our belief that the Canadian people desire that this country do its utmost, and that they are willing to make the sacrifices and bear the burdens which such an effort involves.

To finance the programme that has been developed on the basis of these considerations we have decided to ask Parliament for a war appropriation of \$1,300,000,000 for the coming fiscal year.

The war programme . . . will involve a total estimated expenditure in excess of this sum by perhaps as much as \$150,000,000. But, as the House will realize, there are very great difficulties in making precise estimates of war expenditures. In particular, there are at least three factors which make accurate estimates impossible.

First, there is the impossibility of calculating wastage of equipment and the amount of ammunition that will be used, as this will depend upon the nature of the warfare that develops.

The second factor has to do with the capital assistance which has been given to manufacturing plants through the Department of Munitions and Supply. Large sums of money have been advanced, and additional sums will be advanced, to contractors to pay for adding to their plants or to build new ones. Additional sums will be advanced to provide working capital. In many cases Canada and the United Kingdom are making advances on a joint basis, but in some of these cases the division between the two countries has not been settled. In the meantime the money has been put up in order that there shall be no delay; the division will be worked out later.

A part of these advances may be returned during the course of the year, but this cannot be determined now. Furthermore, a portion of the amortization cost of the capital expenditures resulting from such advances may be included in the cost of the equipment which is included in the estimates of the Department of National Defence. If this is the case there may be some duplication in the amounts included in the estimates of the Department of Munitions and Supply and the Department of National Defence. At this stage it is difficult—impossible, I should say—to determine the extent of such duplication, because the costs of the equipment which is to be produced are themselves based on estimates. The accuracy of these estimated costs will depend to a considerable extent upon the quantity of equipment which will be produced.

The third factor making for uncertainty in estimating is the question of the amount of war materials and equipment which can be physically produced and delivered within the coming fiscal year. Estimates have been made of the probable deliveries, and I assume that the Minister of Munitions and Supply (Mr. Howe) will be discussing the whole question of the production programme at the proper time. It will suffice if I say that this programme is dependent in certain important aspects upon the delivery of machine tools and parts from the United States. If there

should be delays in such deliveries the completion of the equipment in question will be held up.

In view of these various uncertainties I thought it preferable not to ask at this time for the total of the estimates which have been submitted. Instead, as I have said, the Bill calls for an appropriation of \$1,300,000,000. It may be that the total cost of our war effort expenditures during the coming fiscal year will exceed this figure by a considerable amount, and if it does it will be necessary for me to come back for an additional appropriation at a later date.

However, in determining the magnitude of our total war effort we must not overlook another burden which Canada has assumed. I refer to the assistance which we are giving to the United Kingdom in financing the war materials, equipment and other supplies which are being produced for the United Kingdom in Canada. During the first eleven months of the war we made available to her 184 million Canadian dollars by our repatriation programme; that is, by buying in or paying off Canadian securities which were held in the United Kingdom. For the succeeding six months' period ending January 31 of this year we agreed to provide \$150,000,000. We have done this, and indeed by the end of this month shall have provided an additional \$137,000,000 by accumulation of sterling which, in part at least, is in anticipation of repatriation to be carried out in later months of the year. I cannot now estimate the total amount which we shall be able to do for the second full year of war or for the fiscal year 1941-42, but I can say that we are following the policy of going as far as it is practically possible to go.

While repatriation involves the repayment of foreign indebtedness, and thus will strengthen the economy in the long run, it is obvious that to-day it imposes additional strain on Canada by increasing the amount her people must save in order to purchase the securities which are being returned to this country. For practical purposes, in considering the burden which is to be placed upon this country it is just as much a part of our war effort as the expenditures which we propose to make on our own account.

All the securities that have been repatriated by or on behalf of the Canadian Government to date have been Government or Government-guaranteed securities.

The Minister was asked by an honourable member: "They are being cancelled, then?" He replied:

Yes; they are not going on the market. There are industrial securities which are being placed on the Canadian market by the United Kingdom directly, in very much smaller amounts.

If we assume that we shall be able to provide assistance in this way to the extent of, say, \$400,000,000—I am speaking about repatriation still—and if our direct war expenditures do not exceed the \$1,300,000,000 which the present resolution asks Parliament to appropriate, we get a total of \$1,700,000,000 as the financial measure of the burden of our war effort. If we add to this total the non-war Dominion estimates of \$433,000,000 and probable provincial and municipal expenditures of, say, \$575,000,000, we get a total of over \$2,700,000,000 which governments will have to raise from the Canadian people during the coming fiscal year. We get talking of these hundreds of millions and billions, and after a while some of us lose our sense of the importance and significance of these sums, but \$2,700,000,000 is an important

amount of money for governments to raise from the Canadian people in one year. This is over fifty per cent of the national income, which for the coming fiscal year we estimate will be about \$5,300,000,000.

In this calculation honourable members will have noted that I do not take into account the additional moneys which will have to be tied up in wheat financing, or the possibility that our direct war expenditures may exceed the amount we are now asking from Parliament.

Probably none of us can realize the true significance of passing over to governments, on the average, half of our individual income; or, to put it another way, devoting half the labour and productive facilities of the country to war and other governmental work. When it is remembered that a large part of our population is now at such a level of living standards that it can bear very little of the increased burdens which Canadians as a whole must bear, the burden on the remaining part of the population becomes recognized as all the more staggering. Let each of us in this House ask himself what would happen to his own standard of living if he were to pay or lend more than half his individual income to the State. We are asking the House for this appropriation because we recognize the fact that probably this will be the most critical year in the history of civilization.

I need not say that to carry out the war programme for which we are asking the House

to make provision will tax Canada's productive capacity to the limit, will necessitate a continuing and more rapid shift from peace-time to war-time production, and will require for many of us drastic changes in our mode of living and habits of life. As the Prime Minister said in his Sunday night broadcast about two weeks ago, it will "mean more in the way of united determination, effort and sacrifice than has ever before been asked of the Canadian people."

The Minister of Finance placed on Hansard a breakdown of the estimates for the year 1941-42, by departments and services, except for the Departments of Defence, National War Services, Agriculture, and Munitions and Supply, in which cases the Ministers presented the breakdowns for their respective departments.

I have here, under War Appropriation, the estimates of the Minister of Finance for 1941-42, by departments and services. As it is a lengthy statement, I do not suppose I shall be asked to read it, but in that respect I am at the disposal of the Senate. The figures will be placed on Hansard.

War Appropriation

Estimates for 1941-42 by departments and services

Auditor General's Office—		
Auditing and checking war accounts.....		\$ 72,000 00
Civil Service Commission—		
Supply of personnel for war services.....		126,822 50
External Affairs—		
Administrative and passport offices.....	\$ 198,000 00	
Representation abroad	25,000 00	
Evacuation of staff.....	5,000 00	
Evacuation of offices.....	5,000 00	
Greenland—supplies and maintenance.....	5,500 00	
Miscellaneous—to cover items not specified in 1941-42.....	50,000 00	
		288,500 00
Finance—		
Comptroller of the Treasury.....	\$ 1,967,212 50	
Royal Canadian Mint	67,300 00	
		2,034,512 50
Fisheries—		
Marketing of canned lobster.....	\$ 600,000 00	
Wartime Fisheries Advisory Committee.....	3,000 00	
		603,000 00
Justice—		
Expenses in connection with the Prize Court.....	\$ 50,000 00	
Expenses in connection with administration of the Defence of Canada regulations	25,000 00	
Administration	4,260 00	
		79,260 00
Labour—		
Expenses in connection with the Wartime Prices and Trade Board	\$ 298,704 00	
National Labour Supply Council.....	32,000 00	
Assistance to necessitous dependents of persons detained under the Defence of Canada Regulations.....	150,000 00	
Cost of Living Commission, District 18, United Mine Workers of America	6,000 00	
Payments to provinces on account of each trainee completing a course in aircraft mechanics or aircraft wireless operations who enlists in the R.C.A.F. or completes a course in wireless operations and enlists in any of the Empire forces.....	480,000 00	
Payments to provinces for the training of individuals for skilled or semi-skilled occupations connected with war work.....	3,885,000 00	
Expenses of inter-departmental committee on labour co-ordination	26,700 00	
		\$ 4,878,404 00

Hon. Mr. DANDURAND.

War Appropriation—*Continued*
Estimates for 1941-42 by departments and services

Mines and Resources—			
Mines and Geology Branch—			
Enforcement of wartime regulations governing the sale of explosives	\$	17,120	00
Lands, Parks and Forests Branch—			
Internment operations		25,350	00
Forest products laboratories		24,150	00
Immigration Branch—			
Expenses re British evacuee children		244,800	00
For expenditures in connection with looking after Canadian interests in Germany and German-controlled territories		150,000	00
For expenditures in connection with looking after Canadian interests abroad, apart from Germany or German-controlled territories		25,000	00
Detention of alien seamen who refuse to perform their regular duties		147,000	00
General expenditures in Canada and the British Isles		23,825	00
			657,245 00
National Revenue—			
To provide for censorship of newspapers and other publications			5,600 00
Pensions and National Health—			
Treatment and pension examinations, members and ex-members, defence forces (present war)	\$	2,500,000	00
Treatment—R.C.M.P.		120,000	00
Pensions—defence forces, fishermen and seamen		500,000	00
Air raid precautions		250,000	00
Investigations—Dependents' Allowance Board		60,000	00
Inspection of industrial plants		10,000	00
Treatment of Canadian fishermen and seamen		5,000	00
Laboratory of hygiene—bacteriological and biological—assistance to Department of National Defence		15,000	00
Public health engineering—inspection of camps and airports re sanitation and water supply		10,000	00
Food and drugs—examination of supplies for Department of National Defence		5,000	00
Quarantine service		40,000	00
Hire of boats—Halifax harbour		14,400	00
Committee on demobilization		20,000	00
Veterans' welfare division		112,500	00
Processing, storage and distribution of blood for transfusion		140,000	00
Immigration—medical inspection, overseas division—evacuation from England		3,000	00
			3,804,900 00
Post Office—			
Postal censorship	\$	343,835	00
Canadian postal corps		151,250	00
			495,085 00
Privy Council Office—			
Registrar of orders in council			6,380 00
Public Works—			
Chief Architect's Branch—			
Ottawa—Jackson Building taxes	\$	33,000	00
Toronto—completion of city delivery building		200,000	00
Furniture, etc., for new employees		500,000	00
Repairs, alterations, operation and maintenance of new buildings		500,000	00
Rental of new premises		400,000	00
New construction		2,000,000	00
Chief Engineer's Branch—			
Champlain drydock—hoisting equipment, additional operating cost		113,000	00
Lorne drydock—additional operating cost		9,500	00
Esquimalt drydock—additional operating cost		27,600	00
New construction and dredging		300,000	00
Contingencies (telephone service and unforeseen)		100,000	00
			\$ 4,183,100 00
Prime Minister's Office—			
Additional expenditure due to the war			11,500 00
Royal Canadian Mounted Police—			
Increased activities of the force due to the war			4,045,690 55
Secretary of State—			
Internment operations	\$	102,879	00
Voluntary service registration bureau		9,800	00
Press censorship		98,455	00
Department generally		10,000	00
Commission—re naturalization certificates		10,000	00
			231,134 00

War Appropriation—*Concluded*

Estimates for 1941-42 by departments and services

Trade and Commerce—		
The Canadian Shipping Board	\$	30,000 00
National Research Council		278,015 00
		308,015 00
Transport—		
Departmental administration	\$	6,292 00
Transport Controller's Office		60,000 00
Air service—radio broadcasting censorship.....	\$	25,000 00
Special radio interception and monitoring services, weather observation and teletype services and extra airport control systems....		587,420 00
		612,420 00
Canals Service—		
Welland canals—utilization of surplus water in the production of electricity.....	\$	50,000 00
Canals generally—fencing, floodlighting, etc., as protection against sabotage		20,000 00
		70,000 00
Marine Service—		
Marine service steamers—including ice breakers	\$	25,000 00
Aids to navigation		50,000 00
Nautical services—advisory boards and ship licensing committee		27,650 00
To provide payment of compensation to ships' crews for loss of personal effects due to enemy action		10,000 00
Administration of pilotage—additional cost of operation and maintenance of pilotage vessel at Father Point		27,000 00
		139,650 00
		888,362 00
Government-owned enterprises—		
Loan to Canadian Government Merchant Marine, Limited....	\$	100,000 00
National Harbours Board		995,000 00
		1,095 000 00
Total of items to be dealt with by the Minister of Finance..		\$23,814,511 00

The Minister of National Defence for Air explained his estimates as follows:

With respect to air, the estimate of money to be expended in 1941-42, that is the total amount to be asked for, is \$421,136,185. But from that must be deducted \$35,000,000, representing payments to be made under the Joint Air Training Plan by Australia and New Zealand, which brings the total estimate to \$386,136,185. In addition there is a supplementary of \$483,163, making a total estimate of \$869,300,000. These figures are broken down as follows: overseas, \$15,838,916; home war, \$154,683,960; Joint Empire Training Plan, \$250,613,309.

The principal items of expenditure are:

Royal Canadian Air Force—Estimates 1941-42

Pay and Allowances

Home war.....	\$	12,931,760
Joint Air Training Plan.....		63,522,081
Overseas		7,091,416
Total.....	\$	83,545,257

Construction—Repairs

Home war.....	\$	26,149,000
Joint Air Training Plan.....		23,284,000
Total.....	\$	49,433,000

Aircraft Engines and Spares

Home war.....	\$	76,919,000
Joint Air Training Plan.....		62,372,000
Total.....	\$	139,291,000

Clothing—Necessaries

Home war.....	\$	887,500
Joint Air Training Plan.....		4,484,472
Total.....	\$	5,371,972

Stores—Miscellaneous

Home war.....	\$	8,451,090
Joint Air Training Plan.....		13,289,379
Total.....	\$	21,740,469

Rations

Home war.....	\$	851,800
Joint Air Training Plan.....		5,178,036
Total.....	\$	6,029,836

Bombs and Ammunition

Home war.....	\$	16,850,229
Joint Air Training Plan.....		5,055,315
Total.....	\$	21,905,544

Hon. Mr. DANDURAND.

Gas and Oil, etc.	
Home war.....	\$ 660,000
Joint Air Training Plan.....	9,454,500
Total.....	\$ 10,114,500

Overhaul of Aircraft and Engines

Home war.....	\$ 1,505,000
Joint Air Training Plan.....	17,500,000
Total.....	\$ 19,005,000

The Minister of National Defence for Naval Services placed on the record the breakdown of naval estimates. He said:

The total amount to be asked for naval services, as announced by the Minister of Finance, is \$169,640,304. That amount is made up of about fifteen main items, which I shall now give to the committee.

War Appropriation—Naval Services

Breakdown by objects of expenditure

Class of Expenditure	Estimates for year 1941-42
Salaries and wages.....	\$ 1,317,210
Pay and allowances.....	33,609,000
Travel, transport and freight.....	1,356,000
Operating expenses.....	400,000
Acquisition and construction of vessels.....	56,017,000
Repair and upkeep of vessels.....	4,902,700
Charter of vessels.....	699,141
Preparation of plans.....	100,000
Construction and repair of buildings.....	19,846,837
Allowance in lieu of stores.....	1,719,600
Victualling stores.....	7,821,003
Naval stores.....	14,284,818
Armament stores.....	14,549,000
Fuel.....	7,846,930
Miscellaneous stores.....	687,550
Printing and stationery.....	681,060
Harbour defences.....	1,840,294
Purchase and rent of lands.....	414,361
Sundries.....	1,547,800
Total.....	\$169,640,304

The Minister of National War Services gave the following breakdown of estimates for his department:

Departmental administration.....	\$ 65,290
Bureau of Statistics.....	129,360
Recruiting.....	547,040
Human and material resources.....	63,210
Voluntary services.....	27,080
Publicity.....	956,420
Total.....	\$1,788,400

The Minister of Munitions and Supply gave the following estimates for his department:

Capital assistance to private companies.....	\$ 71,083,421 49
Capital assistance to Government-owned companies.....	29,376,000 00
Direct expenditures by the Government through the Department of Munitions and Supply.....	16,290,000 00
Dominion arsenals—Lindsay and Quebec.....	16,560,000 00
Administration expenses.....	3,500,000 00

Working capital in connection with production (Canadian production).....	41,049,000 00
Working capital in connection with aircraft production.....	2,600,000 00

\$180,458,421 49

For the Department of Agriculture, the Minister gave these estimates:

Agricultural supplies board—	
Administration.....	\$ 31,000
Programmes to encourage production of essential war supplies...	100,000
Purchase, storage and distribution of agricultural supplies.....	1,000,000

\$1,131,000

Commodity boards.....	50,000
Bacon board.....	71,300
Dairy products board.....	14,950
To provide assistance in disposal of agricultural products rendered surplus by war.....	6,610,300

\$7,877,550

And the estimates given by the Minister of National Defence were these:

Army Services

War appropriation—Summary of estimate by objects of expenditure

Salaries and wages—civilian personnel.....	\$ 2,330,000
Travel and transportation.....	40,607,906
Operating expenses of properties..	31,314,830
Mechanical and water transport, including upkeep.....	21,246,843
Supplies—food, forage; medical and dental stores and services.....	46,705,213
Construction and repairs.....	15,549,170
Ordnance stores.....	247,277,741
Pay and allowances—all ranks....	253,029,972
Printing and stationery.....	5,338,854
Sundries—telephones, telegrams, postage and other miscellaneous expenses not specially detailed..	3,024,130
Training equipment not provided elsewhere.....	150,000

\$666,574,659

The statement I have presented to the Senate will give a general explanation of our estimated war expenditures for the coming fiscal year. The country has assumed a heavy responsibility, but I think the general feeling is that in this war we should make an all-out contribution until the end.

Right Hon. Mr. MEIGHEN: Before the honourable gentleman sits down, can he give the House an indication of the principles which control the Government's action in respect of investing Government funds in plants in Canada? That is to say, what moves the Government to do it? When is the course pursued, and when is another course pursued—the usual one?

Hon. Mr. DANDURAND: I think I have Hon. Mr. Howe's explanation in that respect. If my right honourable friend will proceed to

give us his views on the Bill, I will try to furnish the answer before he concludes his remarks.

Right Hon. ARTHUR MEIGHEN: Honourable members, this is a money Bill, and out of regard for tradition, rather than for law, we never assume to amend such a Bill and rarely, if indeed ever, assume to defeat it. A discussion, though, of the general situation—a very extraordinary one—is not irrelevant at this moment, and undoubtedly is called for. The amount presented for acceptance is not only large, but formidable to the degree of being startling. Yet from that feature, however challenging it be, no worth-while citizen of Canada will shrink. Whatever the cost, the work must be done, the suffering must be endured, and the principles of honesty and decency in life must be vindicated.

Two billion, three hundred million dollars, I think, approximates what the Government asks of the people of Canada for its war purposes this year, apart, of course, from other governmental requirements. We are told it is approximately half the income of our people. We shall be very fortunate if they are able to sustain the burden of this war victoriously and retain anything like half of the grand total of our national income. I do not know that I ever witnessed a more general willingness among the earners of Canada to surrender anything and everything that would contribute to real war effort than I have witnessed in this struggle.

I have inquired as to what principles governed the Administration in determining when the time had come to make investment in plants in Canada for purposes of war production rather than leave such production to the regular operation of contracts with private industry. I am told that later I shall get an outline of the principles. I read what was said in the other House, and I am not clear that a repetition of what was said there will be very useful. It appears to me from the Minister's statement that this course is taken when immediate action is so necessary that the Government cannot wait. I am not here to say that it is not at times necessary. There may be extraordinary exigencies. But I do venture to leave this thought in the minds of honourable members: it is a very rare case indeed—I will go further—it is actually never the case, that operation under governmental supervision or control, whether remuneration is by fee or otherwise, will get as efficient and economical results for the taxpayer as operation under contracts distrib-

Right Hon. Mr. MEIGHEN.

uted among private concerns on the basis of competitive tenders, or by the best system that can be found.

Hon. Mr. DANDURAND: Will my right honourable friend allow me to read this statement by Hon. Mr. Howe as to the principles on which he proceeded? After giving a list of all the companies, he said:

Let me try to explain it as simply as I can. We will say we wish to have a manufacturer build a plant to manufacture shells. There are two ways in which this can be done. The manufacturer can create the asset, pay for the plant and equipment. The machinery at least would have no post-war value, or very little, because it is a specialized process requiring specialized tools. Obviously, under these circumstances the Government should permit the manufacturer to depreciate his plant during the war perhaps to nothing, or perhaps to some definite figure. Provision is made in the revenue Act to cover cases where the manufacturer has installed the plant at his own expense; so that there will be a depreciation cost, which would naturally be added to the price of the product.

Then we take the alternative case: the Government pays for the building and for the machinery. The Government is also the purchaser of the product. In that case there is no depreciation charge to the Government.

Right Hon. Mr. MEIGHEN: That is good!

Hon. Mr. DANDURAND: Then follows this discussion:

Mr. MacNicol: Does the Government operate the plant?

Mr. Howe: No. We own it. In other words, the private operator cannot charge depreciation on a plant for which he did not pay. That is what we call taking the depreciation at the start. In that case the product is sold to the Government more cheaply than the situation would be with a privately-owned plant which bought and paid for its equipment.

Mr. Black (Cumberland): One hundred per cent depreciation is charged up to the initial order? Then the department would be in a more favourable position with regard to any future orders.

Mr. Howe: We could say that, but we take the depreciation in any event. We say this plant is built for our exclusive use, and we prefer to depreciate it when we build it.

Mr. Black (Cumberland): The Minister is referring to equipment furnished to a private industry. That means that the initial order bears the total depreciation.

Mr. Jackman: When do you write off the capital cost?

Mr. Howe: Assuming we are the buyer of the product, we write off the capital cost when we install the machinery. We write it off against nothing; we simply write it off. We own the asset; we pay for it. We say to the operator: "You are using our property; therefore you cannot depreciate it."

I will continue the explanation if it interests my right honourable friend.

Right Hon. Mr. MEIGHEN: I read that statement. Quite clearly the Minister thor-

oughly understands the position. It is just as plain to him as it is to me and to all or most of us in this House. But he does not say there what principle is followed, and the leader of the House, even if he reads for another page, will not find any statement that would be an answer to my question. The Minister says what is the result of either course, but does not say what decides him to take one course rather than the other.

Hon. Mr. DANDURAND: I think it depends upon general principles.

Right Hon. Mr. MEIGHEN: But I should like him to tell me under what circumstances he takes one course and under what circumstances he takes the other. He does not tell us. He says: "If I take the course of letting a contract whereby the contractor has to build a plant which later will be of no value, then I have to pay for the goods at a price covering depreciation; but if I take the other course, putting up a plant out of public moneys, there will be no charge for depreciation." No, because it is the State's property; all the depreciation is taken at once. The question is, which is the better policy. I can scarcely imagine circumstances—though I am not saying they do not exist—where there would have to be Government investment. However, I would urge the Administration to shun that course to the utmost. True, if you let a contract you must pay more in the price of the goods, because off the profits must come taxes and depreciation. But there is still an incentive for the contractor to keep down costs; he would do so for the purpose of making money. Under a system whereby the contractors increase their earnings in proportion to the efficiency with which they perform their work, you will get infinitely better management than you can ever get by this Government process of paying fees.

Hon. Mr. DANDURAND: But is that not somewhat tempered by the 75 per cent profit returned to the Government?

Right Hon. Mr. MEIGHEN: That is true. You can go too far in that regard. Do not go so far that you remove incentive.

Hon. Mr. DANDURAND: Hear, hear.

Right Hon. Mr. MEIGHEN: If you go so far that you take away incentive you cut down your own results. I tried to teach that lesson—not to teach, for I am not a pedagogue—I tried to impress it. It is in the mind of every business man. I have been berated all over Canada by chatterboxes here and there, but if ever a truth was plain to anybody it is clear that

when you take away the whole incentive to enterprise you will not have any enterprise: under the laws and free institutions under which we live you cannot have it. You may beg for it. You may pray for it. You may get down on your knees, as the Minister of Munitions did—so he told the House of Commons—and implore people to make these things, but you will never get your job done. He told us he had to abandon the attempt.

You are getting into pretty much the same position when you are putting up Government plants. If you make a contract with the man who is to produce the goods, and he has to build a plant, he must make something out of it after providing for all his taxes, depreciation and other deductions. Then he will have every incentive to do the job right, and he will see to it that the buildings and plant are such that he can use them to the best possible advantage afterwards. He will be steering his course from the very beginning by perhaps developing some new line of product, so that when his war contracts are over he can use that plant for this purpose. He will be adjusting all his operations so that the construction he is putting money into, may, even though there will be some depreciation, be used later to advantage. But what is the Government going to do with its plants when through with them? It has paid for them and will own them. Does anybody in this House expect it will get anything substantial for them? Nobody does. You may have saved a little profit, but you have lost your capital: you may have saved the pennies, but you have lost the dollars.

Hon. Mr. DANDURAND: That is a possibility.

Right Hon. Mr. MEIGHEN: And a very great possibility. It has been an actuality so often that one would have thought the Government would have learned its lesson. One can conceive of circumstances where it may be impossible to get the required amount of private capital under the conditions of to-day, especially with the taxation of to-day, because no person can honestly go to another and ask him to put up money, with all the risk of loss and with only a small chance of getting off successfully. It is better to retain sufficient incentive so that such a venture will not everywhere be shunned. In saying that, I am speaking from the standpoint of the State; from no other standpoint on earth. Any man in this country to-day who shudders at the thought of the loss of half his income, or far more than half, is not fit to enjoy the liberty we are enjoying.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: Yes, or the loss of two-thirds of it; or, if he has something to fight for, and something to live from, even close to the whole of his income. But there is a point at which you must stop in your tax on enterprise, in the interest of the State and the administration of its affairs, and you need think of no other interest at all.

I want to say something as to the significance of the vote which the Bill calls for. It is very high, and an attempt has been made to represent it as indicative of a tremendous war effort. In one sense it is. But there is no delusion more dangerous than to think war effort can be measured strictly by the money gauge. I do not know any standard of measurement which is less dependable. If money put in would have properly measured war effort, there would not be a prostrate France to-day. The use made of money is vastly more important than the grand total itself; and while our expenditure is undoubtedly heavy in comparison with that of some other participants, or partial participants, I do not know of any who have actually achieved less in proportion to what they have spent than has Canada. I mean this Government's actual contribution to victory in relation to its total expenditure is small. And some of the causes I hope to advance.

I spoke a year or so ago against the waste of expenditure on training. We had then what was called a thirty-day training plan. It has now been abandoned. I do not think anybody will suggest that what I then said was not right. However, there is no use in flailing a dead horse. It has gone; but another, not much more useful, has taken its place. We have now a four months' training scheme. We are told in justification of it—and it is the nearest to a justification I have heard, for everyone knows that you cannot in four months do much more than start to make a soldier for the complex purposes of a struggle such as we are in—that twenty-five per cent of these men have indicated—they have made no commitment—that if they are required for service in the actual theatre of war they are ready to go. It will be observed that every one of them has a second thought coming. He may go or he may not. It is inevitable that nothing like the twenty-five per cent will go; but we will assume that they all go, the whole twenty-five per cent of them. Is there any country in the world in the midst of a life-and-death war which can afford to train four men for every one who fights? Is there any country which in the midst of such a war, where

Right Hon. Mr. MEIGHEN.

military equipment on a gigantic scale is as vital as the fighting man himself, can afford to take four men out of industry for one who is going to be of use in the field. That is waste, unpardonable waste! It may be good for the physique of these men; it may give them a better outlook on affairs—

Hon. Mr. HORSEY: It is good for the defence of the country.

Right Hon. Mr. MEIGHEN: It is good for the defence of the country! I will come to the defence of the country. Isolationism is the world's greatest sin and the cause of its greatest peril. It has been for a century. If this war is lost, isolationism will stand before history condemned for its crime. Let us not lapse into that folly; let us not fall into that sin. Let us not, at any rate, fall any farther. Isolationism! May I beg of the honourable senator from Prince Edward to read in a great American magazine, Foreign Affairs, New York, whose articles have much improved in illumination and prevision, in soundness and sanity, under the white light of war, an article on that question in the issue just out, under the heading "Demosthenes Redivivus." Would that he read also "The Myth of Continents," by Slater, an authority on the subject. I do not know much about him, but any honourable member who reads his contribution will appreciate the author's understanding of his subject, and will not stand here and talk about our preparing for defence by training regiments on the Prairies to fight at home.

I read something the other day by a man called Flynn, about how safe we in America are because, as he says, if Hitler sends a fleet across the Atlantic we can keep him from climbing up the shores of Newfoundland and the rocks at Gaspé. Who is so naive, who is so utterly childish, as to think the danger to this continent lies in any such threat as that? The President of the United States does not think so; and that great man, Wendell Willkie, who stands behind him in this awful crisis, does not. No man whose thinking contains a trace of intelligence would indulge in nonsense of that kind.

Hon. Mr. HORSEY: What about the joint defence plan?

Right Hon. Mr. MEIGHEN: That is the subject I am on. Will the honourable member let me make my speech?

These men do not think an old, ancient-history invasion is going to be the form of attack on this continent. They know it is not. They know the fall of the democracies of Europe, and all that is involved thereby,—

Hon. Mr. HORSEY: We know it is the front line.

Right Hon. Mr. MEIGHEN: —would leave this country a prisoner, hungry and fed through the bars, and they know the infiltration into and disintegration of countries here would be of a kind which cannot be described as an invasion, and could not be repelled by regiments within our borders. They know the democracies have to win in Europe, that Britain has to win, if this continent is to be saved. There is not one of them who has not said so. Let us not fall into this easy-going but stupid sin of isolationism and isolationist thought.

We are told there is a long-distance programme in the Republic to the south of us, and I think that is what is in the mind of the honourable gentleman (Hon. Mr. Horsey). I am sorry if I was short with him. A long-distance programme of defence by the people of the United States? Yes, there is. I suppose the compulsion of circumstance, the urge of nationhood, compels it. No one sympathizes more than we do with their noble President in the great struggle he and his Government have had against unprecedented difficulties, and the tremendous mountains democratic statesmen everywhere have had to scale in order to bring their people to a realization of the truth. They in the United States have struggled hard, manfully and successfully. But keep this in mind: Britain has to win, and they know it. Do not think that truth has not been many times proclaimed, and more forcibly day by day. I say we are wasting money right here in Canada on the myth of isolationism.

Hon. Mr. DANDURAND: That is not what Great Britain says.

Right Hon. Mr. MEIGHEN: Not what Great Britain says? Oh, don't tell me that. If you deny Great Britain the right to criticize, do not stand up here and tell us she approves. You cannot do so logically. For twenty-five years you have denied her the right even to suggest our policy. Great Britain will applaud any step by Canada that we think is best for us.

Hon. Mr. DANDURAND: That is not the real situation. Great Britain will not say, "We will approve anything you think is best for you." Canada is doing what Great Britain thinks is best for her.

Right Hon. Mr. MEIGHEN: I am not speaking for the British Government. I am not in touch with it in any way whatsoever, but I know what it is doing, and I know

the British Government is not encouraging the diversion of money for a defence to be maintained on this continent, four thousand miles away, when it can be used in the actual theatre of the conflict. Nobody who tells me she is inviting such a diversion can be speaking by the book. Britain does not complain, and never will; she will accept with gratitude every effort, whatever it may be. I do not say our effort is not better than nothing, but it is wasteful, because it is vastly less effective than it would be if it were directed where the real crisis is. This has been clear since the war began. I know the Government is now much nearer that view than it was at first. Then it had no thought of sending to the fighting front the number of men who are there now. We were complacent for months; we are not half so complacent to-day.

Hon. Mr. DANDURAND: And not half so complacent as Great Britain was herself.

Right Hon. Mr. MEIGHEN: Will this ever be over? Though she wished she had got ready sooner, when the war broke out Great Britain, in proportion to her population, had trained fifty times as many men as we, and had produced fifty times as many implements and munitions of war.

Hon. Mr. DANDURAND: But not for this war.

Right Hon. Mr. MEIGHEN: Yes, for this war. Should we be safe to-day if she had not? How should we be secure in our homes right now but for the battle she put up and the success she achieved? That nation has stood between us and chaos; so we must not try to justify our complacency by pointing the finger at her. We are not as self-satisfied now as we were.

Here is one result of our not appreciating what we were really to face. A year and a half ago, or nearly that, I begged the Government to turn its attention to planes, and to put the ablest man in Canada in charge of production, in somewhat the same relationship to the Government as Sir Joseph Flavelle occupied in the last war. This was not done. Now it is claimed we are doing wonders in plane production. I was surprised to read the other day a statement by Mr. Bell that we are now producing forty planes a week, and that proportionately our output is greater than that of the United States, where the output is one thousand planes a month. It must have struck honourable members that this statement was most unfair, if not dishonest. We are not producing any planes. The so-called planes which we produce have not our own engines; they have not our own

propellers; they have not our own machine guns; they have not our own gadgets, nor our own wheels, and they lack a dozen things more. They are little more than shells. These other things have to come from Great Britain or from the United States. So to compare our forty planes a week with their 1,000 completed planes is not dealing frankly with the public of this country.

You may ask, "Could we have done better?" Well, we are a great manufacturing country. Our manufacturing facilities in this war are, I should say, five to ten times as great as they were in the last war. I think the late President of the Canadian Manufacturers' Association, Mr. Black, says they are relatively even larger than those figures. Compared to Australia, we are a great manufacturing country. The difficulties of manufacture there are vastly more formidable than here. We have not produced an aeroplane engine. Nor, so far as I know, have we arranged for the production of any. Is that the position in Australia? No. They already have two types which are now and have been for months in production, and a third is on the way, this being the latest and best type. They are away ahead also in rifles and large machine guns. Yet, industrially, Australia is not at all comparable to this Dominion of Canada.

The trouble is that we did not address ourselves early enough to this task, with a realization of what it meant. And speaking of the public in general, and of the Government, I do not think we have a realization of it yet. There is one project the Government is undertaking now which, with all respect I do want to urge, will tend to diminish, and not to deepen, public awareness of what this war means. That project is the St. Lawrence canal. I think it was about a year ago, long before any decision had been arrived at, that I urged the Government to defer that project until the war would be over. But the Prime Minister decided to go ahead, and in due course, if an agreement is passed by the American Senate, we shall be asked to approve immediate construction of a canal over the whole range of the St. Lawrence.

Hon. Mr. DANDURAND: Of course, this Bill does not cover that matter.

Right Hon. Mr. MEIGHEN: No, but I am speaking now of the very vital necessity of getting people in both countries to have some appreciation of what we must do to win this war. Is that not necessary? Look across the border; look over at Bethlehem, or almost any place down there. Those people surely do not comprehend what they have to do before this war is won. Is industry

Right Hon. Mr. MEIGHEN.

swinging to its task over there as it must? Is it even moving in this country as it must? Take a look at Toronto, where boats are being built. Saturday afternoon: nobody at work. All day Sunday: nobody at work. Yet Britain is crying for these boats, pleading to have them at the very first possible hour. Is there any indication here that our people realize what has to be done? While England is suffering the loss or maiming of sometimes a town a night, with men, women and children by the hundreds being torn limb from limb, we announce to the world that to help win the war we are going to build, over a long period of years, a transcontinental canal!

Scores of millions of dollars will go into that canal. The Government's figures are, I think, about \$142,000,000, and I only wish they were right. When our people witness the expenditure of so large a sum of money in that way, will they be much impressed with the imperious necessity of saving Britain in 1941, the very year which the Minister himself (Hon. Mr. Ilsley), in that speech read to us by the honourable leader of the House (Hon. Mr. Dandurand), said would be the most fateful year in all history? You cannot impress the people of this country with the imminent, dominating necessity of the last ounce of muscle for winning this war, if you throw scores of millions of dollars into a transcontinental canal.

Hon. Mr. DANDURAND: That will not be done this year.

Right Hon. Mr. MEIGHEN: No, certainly not this year. We have an intimation that it will be built in five years. Does anyone believe it will? And if it is, will the power that we are to get from it be available in time to help win the war? Dr. Hogg, our foremost hydraulic authority, said publicly, only last April, that it was a perversion of language to call the St. Lawrence canal a war measure, because we could not get results from it for six or seven years. He argued generally in favour of its construction, mainly because expenditure would not have to be made on it for quite a while. We know Mr. Roosevelt wants the canal, and wanted it when he was Governor of New York. If he can give us unanswerable reasons for going ahead with it now, no one will be more ready to meet him than I. But I want this country to see and study the facts with its own eyes, and not merely to be cuddling into the bosom of the United States and whispering words of faith and flattery. We want to know how this canal

is going to help us win this war. Is that information contained in Mr. Roosevelt's letter? It is not.

Some engineer—I do not know who he is—says the canal can be completed in 1945. Are you serious when you say that this war will be fought up into 1945 around the shores of England, of Egypt and of Greece? You cannot say that. Mr. Roosevelt points out that we need more ships than are now being built, and that shipyards on the St. Lawrence could be used. Well, we and they have any number of unused locations and shipyards now. But work to capacity is certainly not going on at all these yards, nor at nearly all. Mr. Roosevelt says that ships they are starting to build now will not be completed until the canal is ready, five years hence, or probably six or seven years hence. And when can we expect to get the ships whose construction is not to begin until after the canal is ready for use?

As to power, I do not hear any cry at present for St. Lawrence power from Ontario, whose needs are undoubtedly greater than those of any other province. Dr. Hogg did not utter any such cry when he spoke before the Empire Club at Toronto. He argued that construction of the St. Lawrence canal was sound, but he said, "Tell me whether you are going to build it or not, because, if you are not, we can get the power elsewhere and we should like to start making preparations now." Power can be got, first of all, from the diversion of water into the Great Lakes basin. That is a splendid thing, and is already arranged for. Next, power will be obtainable from Chats Falls, which will be ready about 1942. The Carillon Falls can be ready not long after. And what about Beauharnois, which has a million horse-power—yes, and more—lying idle? The dam is built there, and it is only necessary to divert more water and make added installations. If the United States need additional hydro power in the meantime, surely it is better for us to let them have some than to begin with them a joint undertaking which would require the labour of thousands of men, as well as hundreds of thousands of tons of material every year, not to mention the labour of thousands of other men which would be diverted into the making of machinery needed for construction work. Surely it would be wiser to use what we already have, to make available so easily existing sources of power, sources which will undoubtedly be ample for years to come, and certainly beyond the term of this war.

Construction of the St. Lawrence canal at this time would mean not only the diversion of scores of millions of precious dollars, some

of which we are begging from our people, through war savings stamps, in amounts of ten cents, twenty-five cents and one dollar; it would mean also the diversion of labour, which at this hour is even more precious. The last ounce of our endeavour is needed for immediate purposes of war. To provide munitions and military equipment, so much labour is required that one almost stands aghast at the figures. For this gigantic and formidable task, where is the labour to be secured in Canada? Yea, or in the United States? The canal construction would necessitate also the use of all manner of other property, rolling stock and the like, which at this time can be used much better for other purposes.

I should have wished that the case presented to Mr. Roosevelt had been more complete than the one reflected in the correspondence. No argument at all was made there. If that correspondence is a verbal photograph of what took place, the Government of Canada is sadly amiss. I do not think the whole picture is revealed in these letters. Something more, surely, took place.

I plead with the Government to hold its hand even yet. The starting of the St. Lawrence project at this time will have the worst imaginable effect upon public opinion in both countries. The United States is seething with strikes to-day. What will the situation be over there when the demand for labour becomes much heavier than it now is? On this side of the border, too, the labour problem will become increasingly serious. The situation as it exists at this moment is one which demands statesmanlike attention of the first order.

Along these lines I speak strongly, because I feel strongly. And I think I have a right to feel strongly. I know that in this country there is a general disposition to say, "Well, if Mr. Roosevelt wants it, let us do it." The United States is undoubtedly doing a lot, and Mr. Roosevelt is deserving of high tribute. I have been as generous as anyone in this House in paying tribute to him. But I still say he should give us reasons why the canal should be proceeded with at this time. If he gives us convincing reasons, then of course we shall want to meet his wishes. But so far he has not done so, or even begun to do so. All the facts and figures should be down on the record before we are asked to commit ourselves to a project such as this.

I place this matter before the Administration with all earnestness. So long as sane policies are pursued we shall be able to get taxes paid and to raise our loans, but why go out of our way to multiply in advance

the difficulties of selling bonds and getting public subscriptions for war purposes? If you become bogged down, you will have only yourselves to blame. Should you, against every protest, make the mistake of further confounding confusion by going ahead with this project at this time, every good citizen will still, under the compulsion of terrible events, do his best to help you along. But I do urge that the Administration should not lightly and subserviently take a step which will dampen and discourage the keenest aspirations of the Canadian people, which will soften the will to save and serve, a step which will indicate to them that the Government itself feels all this talk about emergency and the final weight of the people's pennies is pretty much a pretence. This is how they will be affected if we tell them that now, in a battle with Hitler's millions, we can afford to divert a good share of our national effort to a North American venture requiring many years to complete. The consequences of an error of magnitude committed now can never be atoned for or wiped away. Indeed I venture to declare, with the reserve that one must exercise in an hour like this, that if we fail by even a small margin in what we ought to do, the retribution will be so terrible that we would rather a mill-stone had been hung about our neck.

The Hon. the SPEAKER: Honourable senators, the question is on the second reading.

Hon. Mr. DANDURAND: I am looking around to see if any other senators would like to be heard on this Bill. If not, I will close the debate.

Honourable senators, I did not think I should have to stray from the purpose of this Bill to discuss the St. Lawrence waterway development. My right honourable friend says: "This is a money Bill; it calls for large amounts, and you may be saddling the country with another large expenditure which would not be absolutely required for the furtherance of our war effort." I would draw my right honourable friend's attention to this fact. As he knows full well, that section of the St. Lawrence separating the province of Ontario from the state of New York is international in its nature. We all know the United States Government desires to proceed with the project, either for hydro power development or for navigation. In fact, my right honourable friend was a member of the Government which signed the convention of 1932. The present agreement

Right Hon. Mr. MEIGHEN.

differs from it in only a small degree. He admits he has no objection to the development of this waterway in time of peace. I may say that I have also heard considerable argument against proceeding with the project in time of peace. In spite of opposition on the part of some people in Montreal, and perhaps in the province of Quebec, I have always been in favour of the St. Lawrence waterway development, for I felt that in adopting an adverse attitude they had not sufficiently taken into account the interest of the country as a whole, and the interest of the province in particular. So, as to the principle of the proposed development, I meet my right honourable friend. I do not know whether he ever expressed himself personally in its support, but he did officially when in 1932 his Government signed a convention with the Government of the United States.

My right honourable friend is aware that under this agreement the main burden of expenditure is on the shoulders of the United States.

Right Hon. Mr. MEIGHEN: At least \$150,000,000 is on us.

Hon. Mr. DANDURAND: I understand our share will be \$40,000,000 odd, and, with the contribution to Quebec, some \$50,000,000. Canada's expenditure would not total more than \$50,000,000.

Right Hon. Mr. MEIGHEN: Oh, yes. I am thinking of Canada. Ontario has to pay its share, and does not need the development. That is why it is not paying interest.

Hon. Mr. EULER: That is Ontario's share.

Right Hon. Mr. MEIGHEN: But that is money you need.

Hon. Mr. DANDURAND: I do not think my right honourable friend is representing the views of Ontario. From conversations I have had with its representatives in the two Chambers, and from the stand taken by its Government, I feel they are at one with President Roosevelt.

Right Hon. Mr. MEIGHEN: They are not objecting; that is about all.

Hon. Mr. DANDURAND: I thought the province of Ontario, through its official representatives, had clearly indicated its desire that the project should be undertaken. I would remind my right honourable friend that the agreement has to run the gauntlet of Congress and will not come before us until it has overcome that difficulty. By the action taken we shall see whether the President has gathered around him the approval of the United States with respect to this project.

There may be objections to the scheme under present conditions. Even in time of peace objections were urged by the State of New York and other sections of the Union. We shall have to discuss this matter in due time, when we shall have occasion to examine it from all angles. I am not ready at this juncture to discuss the point of our being loaded with a large expenditure. According to my right honourable friend, the proposed work would extend over three, four or five years; so our expenditure each year would not represent an unduly large amount. But be that as it may, this is a matter which may or may not come before Parliament during the present session. Therefore we may as well address ourselves to the expenditures facing us just now, the expenditures already made; and the results we have obtained, and see whether we are providing sufficient for the schemes of to-morrow, the year 1941-42.

My right honourable friend has said that the real measure of a country's contribution to war effort is not the expenditure of money; it is what the money produces. Well, if the country were listening to my right honourable friend this afternoon it would feel that he has not altered his position to any extent, although the situation has developed formidably during the last months. He speaks in so depressing a tone of the results produced by money voted during the years 1939-40 and 1940-41 that our people would really believe we have been simply marking time. Now, there are two things I want to point out to my right honourable friend, and he knows them as well as I do. We were marking time before Dunkirk. We were marking time because the industrialists of Great Britain were not disposed to allow plants to be set up in Canada that would be their rivals in time of peace.

Right Hon. Mr. MEIGHEN: What did they have to do with them?

Hon. Mr. DANDURAND: It is a question of delay. We were begging them for blue-prints, for help to build war equipment that they wanted, but they were reluctant to send us the blue-prints. They were living in a false paradise: they felt that, being in possession of the Maginot Line, Great Britain and France would be engaged in a defensive war lasting for some years, and there was no hurry to establish in Canada plants with which they would have to compete after the war was over. My right honourable friend has seen that described in a very interesting article which appeared in "Fortune."

Right Hon. Mr. MEIGHEN: I cannot accept that. Will the Minister do this? I do not know why he should not if what he says is correct. Will he bring down to this House

a statement indicating what blue-prints were refused, by whom, and for how long, and to what extent the British Government was in any way in complicity with such refusal? We have a right to this information after the statement the Minister has made.

Hon. Mr. DANDURAND: I may say this: the British Government was not in sympathy with the British industrialists who wanted to retain that immense business for themselves.

Right Hon. Mr. MEIGHEN: Very good. Then all our Government had to do was to call on the British Government to compel production of those blue-prints.

Hon. Mr. DANDURAND: The British Government had to do so after Dunkirk. It did so when it saw what it was up against, and it forced those industrialists to send their blue-prints to us.

Right Hon. Mr. MEIGHEN: Did you ask the British Government before that time?

Hon. Mr. DANDURAND: I believe we did all we could to get that information.

Right Hon. Mr. MEIGHEN: I should like a return brought down giving the history of those efforts. It would be very illuminating, and I think the country is entitled to it.

Hon. Mr. DANDURAND: There is no doubt that after the fall of Norway and Denmark and the withdrawal from Dunkirk there was a willingness to provide our industrialists with the blue-prints for which they were asking. When they did come, in order that they might be brought to a stage where they could be utilized, the Government had to wait weeks and weeks because of changes that were constantly appearing.

Right Hon. Mr. MEIGHEN: That may be. If what the Minister says is right, either the British or the Canadian Government was to blame. You can never blame individuals. Governments are responsible, and the British Government was in a position to enforce action. I want the Minister now to agree to bring down a return showing what representations were made by this Government to the British Government, and what was the answer to those representations.

Hon. Mr. DANDURAND: I am speaking for myself. I do not know to what extent any correspondence so exchanged could be produced to-day. But I know this—

Right Hon. Mr. MEIGHEN: Unless it can be produced, I think the Minister has no right to say what he has said.

Hon. Mr. DANDURAND: Our manufacturers from Toronto and Montreal went overseas to obtain orders. They felt there was a

very cool atmosphere in Great Britain when they were asking for orders for war supplies in regard to which they would be competing with British industry.

Right Hon. Mr. MEIGHEN: I spoke with a member of that delegation, an industrialist from Quebec—I cannot recall his name at the moment—on his return to Canada. He gave me precisely the opposite report—that their reception in Great Britain was satisfactory in every way.

Hon. Mr. DANDURAND: I will ask Hon. Mr. Howe to make a statement in that respect. He has had most to do with superintending those contracts and getting blue-prints.

Right Hon. Mr. MEIGHEN: I do not want a statement from Mr. Howe; I want a return of correspondence. Surely the Government will not say that in a matter in which it believed the British Government was delaying those blue-prints, it failed to put its representations in writing for its own justification in future days. The Government must have done so. If it did not, it was seriously at fault. I ask for a return of that correspondence.

Hon. Mr. DANDURAND: I may say that at that moment the two Governments had not come together to build up plants and create industries to produce certain results, except as to the Commonwealth Air Training Plan.

Right Hon. Mr. MEIGHEN: The honourable leader says the British Government was delaying. I want to know what representations were made to it by this Government.

Hon. Mr. DANDURAND: I did not say the British Government was delaying. I say that British private industry was quite reluctant to give its plans and secrets and modus operandi to our manufacturers.

Right Hon. Mr. MEIGHEN: That is not good enough. The British Government was responsible for it.

Hon. Mr. DANDURAND: The British Government started at a certain time—I think, after Dunkirk—to make its industrialists provide proper blue-prints.

Right Hon. Mr. MEIGHEN: I shall be very glad if the Minister can produce any evidence of the Canadian Government urging the British Government to take that action sooner.

Hon. Mr. DANDURAND: I cannot say exactly what took place between the two Governments, but I can say it is of common repute and is now generally admitted that

Hon. Mr. DANDURAND.

industry in Great Britain was quite reluctant to furnish material upon which our manufacturers could work.

Right Hon. Mr. MEIGHEN: That does not meet the case at all.

Hon. Mr. DANDURAND: Let me tell my right honourable friend that when I met the late Mr. Rogers on his return from Europe last May—that was before Dunkirk—he said to me, "My dear senator, the unpreparedness of Great Britain is appalling." Those words have stuck in my memory. I must take off my hat to those people who, after Dunkirk, decided that they would make up for their long delays in starting to prepare for defence. I have the greatest admiration for the heroic effort made by the British people in organizing their defences after having remained quiet for twenty years and lagged behind, in the belief that they would escape another war.

My right honourable friend would give this country the impression that our Government has spent a lot of money, but has done nothing to raise the men necessary for the purpose of helping Great Britain to defend herself.

Right Hon. Mr. MEIGHEN: I spoke mainly of machines.

Hon. Mr. DANDURAND: After reading the statements made by the various war Ministers on the other side to explain their difficulties and show how they had succeeded in extending the work of our various industries and in bringing them up to a certain point of efficiency at this date, I am surprised that my right honourable friend does not express his commendation of the effort. The right honourable gentleman refers to aircraft, and says we have done nothing in that respect. There is a quite simple explanation, and it is this. Great Britain, which was to furnish just the things my right honourable friend says we have not provided for, failed to do so, and after Dunkirk she admitted her failure. We then turned to the United States to get what Great Britain was to have given us. Yet my right honourable friend says, "You have been losing time in not doing this or that," while we were putting forth a mighty effort for the defence of the Commonwealth.

Right Hon. Mr. MEIGHEN: Would the honourable member permit me? When Australia depended on herself for aeroplane engines and parts, why did Canada have to depend on others?

Hon. Mr. DANDURAND: I am not in a position to compare the effort of Canada with that of Australia. However, without

commenting on the efforts made by other parts of the Commonwealth, I believe that Canada has made a worthy effort and can hold its head high. It has given all it could, to the point of spending more of the national wealth, per capita, than Great Britain was furnishing. A little country like Canada, a peace-time country, far removed from the turmoils of Europe, has succeeded to a commendable degree. I should not like the country to remain under the impression that Canada has not done the right thing. This country has put forth a formidable effort, a noble effort, and one quite different from what one would gather from the remarks of my right honourable friend. What I have to criticize my right honourable friend for is that he seizes upon some weak points, and omits the other side of the picture.

Hon. Mr. HORSEY: Hear, hear.

Hon. Mr. DANDURAND: I think I have a right to bring to this Chamber the statement of the Prime Minister of Canada, in order to oppose it to the remarks of an ex-Prime Minister of Canada (Right Hon. Mr. Meighen). This statement has been commended all over the country, by Conservative and Liberal newspapers alike. It was made at the close of the debate on this matter on the 25th of March.

We are enacting a measure which pledges Canada to the most stupendous effort in our national history. I feel we should not allow the Bill to receive its third reading in this House of Commons without giving the fullest possible credit to those who have made the measure possible, and who are bearing the burden of the tremendous task which it imposes, namely, the people of Canada.

There has been far too great a tendency, both in the House and in the Press, to speak of what we are doing as the Government's war effort. We all know it is something far greater than that; it is Canada's war effort. What is more, it is an effort which is wholly worthy of Canada, and of which every Canadian is entitled to be justly proud.

As a tribute to the people, whom all of us in this Chamber represent, I am going to try this afternoon to put that effort in its true perspective; to give a broad picture of what Canada is already doing, and what we have undertaken to do in the coming year.

It is only eighteen months since we entered the war. Yet, in that year and a half, our armed forces have grown to the point where to-day, in the three services, there are a quarter of a million men on active service. I might add that this figure does not include over 175,000 additional men, enrolled in the reserve army, who are subject to call for the defence of Canada.

Hon. Mr. GORDON: That is home defence. Does he apologize for the thirty-day training?

Hon. Mr. DANDURAND: I beg your pardon?

Hon. Mr. GORDON: Will you come to the place where he apologizes for the thirty-day training?

Hon. Mr. DANDURAND: I do not know that I have to apologize for anything.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND:

A Canadian Army Corps, Canadian destroyers, and Canadian air squadrons are sharing in the defence of Britain. Our Navy and our Air Force are doing their part to keep open the vital sea lanes of the north Atlantic. Canadian garrisons in Iceland, Newfoundland and the West Indies are on guard in the outposts of this continent. Canadian engineers are strengthening the defences of Gibraltar. In recent months we have also sent overseas hundreds of radio mechanics for vital defence duties with the Royal Air Force.

From the Atlantic to the Pacific, Canada to-day is throbbing with military activity. Soldiers, sailors and airmen are co-operating in the defence of our ports, our coasts and our coastal waters. The Canadian Navy, which had only fifteen ships when war broke out, now has over 180.

Why does my honourable friend from Nipissing (Hon. Mr. Gordon) not applaud these statements?

Nearly sixty military training camps are distributed across the country. In these camps, the soldiers in our active army, and the young men called up under the National Resources Mobilization Act to prepare them for the defence of Canada, are now training side by side. Some ninety establishments of the British Commonwealth Air Training Plan are already in operation. In addition, facilities are being provided for training schools of the Royal Air Force under the jurisdiction of Canada's Air Ministry.

It is for the maintenance and expansion of this military programme that the present appropriation is being voted. The Minister of Finance has already told the House that he expects the appropriation to be exceeded, and that his best estimate at present is that, in the next fiscal year, Canada's direct war effort will cost the Canadian people \$1,450,000,000.

But Canada has a twofold task in this war. Not only are we sharing as a full partner in the struggle; not only are we, with but one important exception, ourselves bearing the whole cost of equipping, supplying and maintaining our military, naval and air forces at home and overseas, giving of life as well as of treasure, but we are also helping to supply to Britain equipment, munitions and the other essentials of war. The exception I have referred to is this: Canada is paying the entire cost of three air squadrons already in Britain. But as Canada is bearing the major portion of the cost of the British Commonwealth Air Training Plan, the United Kingdom, on its part, will maintain in the field Canadian pilots and airmen graduated from the plan.

What I have said up to the present relates to Canada's outright national contribution as a belligerent. It is being paid for in full by the Canadian people. It is not something that has been leased to Britain. It is not something that is being lent to Britain. It is a

direct contribution by Canada to the cause of freedom. It represents the free-will offering which our country began to make over a year and a half ago, when this Parliament decided that Canada should enter the war at the side of Britain. It is a contribution which we are making to-day, and which we shall continue to make.

Canada is also a major source of supply for Britain. In common with the United States, Canada is an arsenal of democracy. Since the war began, the British and Canadian governments have undertaken capital advances of over \$380,000,000 for the expansion and equipment of Canadian industry. New plants have been built; old plants extended to make the complex instruments of war, many of which were never before made in this country. The creation of a vast new war industry has taken time. Occasionally impatience has been shown at delays. The same impatience has been evidenced elsewhere—even in Britain. I might say that none in Canada are more impatient of delays than members of the Government itself.

I should like to remind honourable members of what Mr. Churchill said not long ago in the British House on this very subject. Here are his words:

"It is not possible to make a warship go to sea, and fight against the enemy, until fires have been lighted, and the water in the boilers changed from cold to tepid, to warm, to hot. The steam is generated and the vast power is given. While this is going on there is no use rushing about uttering alarming cries."

I might add that it is equally useless to utter alarming cries about any aspect of war production. Careful critical scrutiny is of great aid to the Government, and is appreciated by the country. But general charges, doubts or suspicions serve only to belittle the country's effort and to discredit Canada in the eyes of the world.

We have every right to take pride in our industrial expansion. Canadian labour and Canadian industry have responded splendidly. We have been building an aircraft industry from the ground up. We have already built over fifty small naval vessels, and more are being built. We are turning out motor transport vehicles at the rate of hundreds a day. We are producing universal carriers, Bren and Colt-Browning machine guns, trench mortars, bombs for aircraft, great quantities of shells and ammunition, a wide range of chemicals, electrical apparatus and radio equipment, many other types of essential manufactured goods, large quantities of base metals and alloys, and an increased output of steel. We shall shortly begin to produce field guns, and, before the year ends, naval guns, anti-aircraft and anti-tank guns and Lee-Enfield rifles. The production of tanks and of cargo vessels is already under way. Plans are also being made to build destroyers in Canada. Such are the highlights of our programme of war production.

The expansion of production has already been reflected in the absorption of between 330,000 and 350,000 additional men in industrial employment since the outbreak of war. Nor must it be forgotten that the armed forces and industry will make additional demands, estimated at over 300,000 men, in the coming year. Skilled labour and specialized plant facilities will have to be increasingly diverted to the production of vital war supplies. All along the

Hon. Mr. DANDURAND.

line, Canadian industry has been geared up to make a maximum contribution to the prosecution of the war.

I have given, in a few words, an outline of Canada's direct war effort. Perhaps the best illustration I can give of the magnitude of the indirect contribution by Canada to the war is to say that, over and above what is being appropriated for our direct war effort, we expect, during the next twelve months, to send to Britain approximately \$1,500,000,000 worth of munitions of war, raw materials and agricultural products. This total is larger than was originally estimated, but it has been arrived at as the result of a careful re-examination of the figures relating to British orders already placed, or to be placed, in Canada, and the probable production of our war plants and other Canadian industries.

It is only at this point, when we have fully realized the magnitude of Canada's direct and indirect contributions to the war, that, with justice to the Canadian people, comparisons can be made of the financial arrangements between Britain and Canada, and the arrangements between Britain and the United States.

Britain, of course, cannot herself find all the necessary dollars with which to pay for her enormous purchases of Canadian products. For the new fiscal year, Britain's deficit in her balance of payments with Canada is now estimated at over \$1,150,000,000. Canada must provide Britain with the Canadian dollars to meet this deficit, either by purchasing Canadian securities now held in Britain, or by the accumulation of sterling balances.

In this connection, it may interest the House to know that from September 15, 1939, to the end of February this year, the United Kingdom's deficit with Canada amounted to approximately \$737,000,000. Of this deficit, Canada provided 45 per cent by the repatriation of securities, and 21 per cent by the accumulation of sterling balances in London, while only 34 per cent was met by the transfer of gold. During the six months' period ending February 28 last, Britain's deficit with us was \$359,000,000, and Canada financed the whole of that deficit, except for \$65,000,000 which was covered by gold shipments. Since the early part of December, no gold has been received from the United Kingdom.

In order to facilitate Canadian purchases in the United States which are essential to keep up Canadian war production, Britain, we hope, will continue to be able to make up a part of her deficit by providing Canada with some gold, or United States dollars. I wish, however, to emphasize the fact that whatever gold, or United States exchange, Britain makes available to Canada is for one purpose only, and that purpose is to enable Canada to make payments to the United States for war purchases. The gold, or its equivalent, assists Canada in meeting our exchange deficit with the United States, but it does not decrease by one dollar the net amount which must be raised from the Canadian people in taxes and loans.

To meet the total burden upon the Canadian people of our direct war effort and our indirect effort in the form of financial assistance to the United Kingdom during the next fiscal year will, according to the best estimates which can now be made, require almost 44 per cent of the national income. I may add that, as a result of the recent investigations to which I have referred, and which took into account the effect of the increased estimates of British

purchases in Canada, and our own expanded war programme, the estimate of Canada's gross national income in the new fiscal year has been raised to \$5,950,000,000.

For the benefit of those, either in this or in other countries, who have not a due appreciation of the magnitude of Canada's war effort, or who may have been misled by comparisons between our war effort and what has been said concerning the lease-lend programme of the United States, I am going to translate a few of these figures into comparable American terms. I understand the national income of the United States this year is expected to exceed 80 billion dollars. On that basis the estimated war expenditure, direct and indirect, of Canada, in 1941-42, would be equivalent to an expenditure by the United States, in a single year, of almost 35 billion dollars. In providing the Canadian dollars necessary to meet the deficit in Britain's balance of payments with Canada next year, the Canadian people will be rendering financial assistance to Britain which would be equivalent, in comparable American terms, to something over 15 billion dollars a year.

These figures may help members of Parliament and the people of our country to appreciate what Canada is committed to, and what is meant by the statement that, in our opinion, Canada is making the maximum effort of which this country is capable.

But this is merely the financial side. Let me also make the comparison in terms of human lives. Apart from Canada's material contribution, Canada's men are participating in this war. The quarter of a million Canadians on active service would, in terms of the population of the United States, be equivalent to an armed strength in the forces of the United States of over two and three-quarter million men, and this without taking account of a reserve army for home defence.

For the great contribution which the United States is making; for the still greater contribution which it will make, the Government and people of Canada have nothing but admiration and gratitude. Since the United States has pledged its strength to a victorious issue we know that the struggle, though hard, will be shorter. But in the enthusiasm of our satisfaction that the United States has resolved to throw the decisive weight of its material aid into the struggle, we as Canadians have no reason to discount the magnitude of the material contribution which the people of this Dominion are making. Nor should it ever be forgotten that Canada is spending, not only her treasure, but her blood. Never in the history of war have eleven million people given so freely and pledged so fully their treasure, their resources and their manhood. I venture to say also that Canadians have reason to be proud of the part which Canada has had in the reconciliation of the English-speaking peoples, the healing of ancient wounds, and the closing of the great schism of the Anglo-Saxon race.

Surely in the light of such a war record, without boasting and without vainglory, we may all take pride in the vision, the unity, the resolution and the achievement of the Canadian people.

Right Hon. Mr. MEIGHEN: Is that all?

Hon. Mr. DANDURAND: I have read that statement in order to have it placed on our records with the one made by the right honourable gentleman opposite (Right Hon.

Mr. Meighen), and in the hope that it may enable him to review, quietly and objectively, all the various war activities of this country. My right honourable friend is fair-minded, and I expect that before the session ends he will admit that the Government, though not infallible, is composed of men of goodwill, patriotism, loyalty and courage, who have done as well as any other group of men he knows of could have done.

Hon. Mr. GORDON: But my honourable friend—

Hon. Mr. DANDURAND: I have closed the debate.

Hon. Mr. GORDON: You are ashamed of the thirty days' training plan, and also of the four months' plan that has just been started.

Hon. Mr. DANDURAND: We may talk about that later on.

Hon. Mr. GORDON: The first plan was a farce, and so is the present one.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

Right Hon. Mr. MEIGHEN: Is the honourable leader of the House desirous of having this Bill passed to-day?

Hon. Mr. DANDURAND: Yes. As there is nothing else before the House at present, we could adjourn until Tuesday next, and have Royal Assent given to the Bill on Wednesday.

Right Hon. Mr. MEIGHEN: But even if we delayed third reading until Tuesday, we still could have the Bill ready for the Governor on Wednesday.

Hon. Mr. DANDURAND: If we do not give third reading to this important measure to-day, I should prefer that we meet to-morrow to do so.

Right Hon. Mr. MEIGHEN: I should not mind sitting to-morrow, if I were sure the honourable leader would not try to force us to earn our indemnities by the means he adopted this afternoon. Can he not find some more interesting and fruitful means than that?

Hon. Mr. DANDURAND: My right honourable friend will have plenty of opportunity to discuss Government policies.

The motion was agreed to, and the Bill was read the third time, and passed.

OTTAWA AGREEMENT BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 23, an Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

He said: Honourable senators, when this Bill was brought in, yesterday, the honourable senator from Ottawa East (Hon. Mr. Coté) was not present, and, as there was a suggestion that he might want to say something on the measure, we postponed the motion for second reading until to-day. It so happens that he is not in his seat at the moment. If second reading is given now, the motion for third reading can be made on Tuesday next.

The motion was agreed to, and the Bill was read the second time.

The Senate adjourned until Tuesday, April 1, at 8 p.m.

THE SENATE

Tuesday, April 1, 1941.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

ST. LAWRENCE WATERWAY
EXPENDITURECORRECTION OF OFFICIAL REPORT OF
DISCUSSION

Hon. RAOUL DANDURAND: Honourable senators, I should like to draw attention to a manifest error in the report of a remark of mine appearing at page 100 of Senate Hansard (Unrevised Edition). Speaking of the estimated expenditure on the St. Lawrence Waterway, I said, "I understand our share will be \$40,000,000 odd"; and I am reported as adding: "and Ontario's \$50,000,000. Canada's expenditure would not total \$150,000,000."

There was an interruption, which may justify the reporter's failure to catch my words, the meaning of which is obvious. Instead of saying Ontario's share would be \$50,000,000, what I said, or meant to say, was:

I understand our share will be \$40,000,000 odd, and, with the contribution to Quebec, some \$50,000,000.

Right Hon. Mr. MEIGHEN: What is that?

Hon. Mr. DANDURAND: A contribution of \$7,000,000 odd, which would be given to Quebec for work on the Beauharnois canal.

Hon. Mr. DANDURAND.

I did not look at the report of my remarks before it went to the printer. On the same page there are two or three small corrections to be made, but they are not worth mentioning to-day. For instance, in one place I referred to the situation "during the last months," but I am made to say, "during the last month." That makes quite a difference.

Right Hon. Mr. MEIGHEN: Of course I do not object at all to the corrections. In fact I think I recall that the honourable leader of the House referred to the contribution to Quebec; so I have no doubt he said just what he now states. But while he is correcting he might make a job of it and change the figures right through. This statement I would say—if it were within the rules of the House—is a deception of the people. The figures the honourable member had in his mind refer only to the international section. Canada's obligations in respect of the Canadian section are all her own, and these figures are mere trifles compared to the obligations we are to incur.

Hon. Mr. DANDURAND: I suppose what my right honourable friend means is that the amount Canada will have to pay is very considerable, because Ontario's share is included. That I recognize. I confess I do not remember having said that Canada's expenditure would not total \$150,000,000. I do not know to what that figure refers.

Right Hon. Mr. MEIGHEN: The \$150,000,000 would be just the beginning. So, to correct it, one needs to go a little further than the leader of the House has gone. He has not included the Canadian section of the waterway, which has to be deepened before there can be passage for the vessels which President Roosevelt refers to in the tables we have been given.

Hon. Mr. DANDURAND: Of course, at the time I did not expect my right honourable friend would speak of the waterways, inasmuch as the Bill did not provide for that expenditure. I suggest that when the matter comes before us we shall have plenty of time to examine it minutely.

CANADIAN NATIONAL RAILWAYS—
CENTRALIZED TRAFFIC CONTROL
SYSTEM
INQUIRY

On the notice by Hon. Mr. Black:

That he will inquire of the Government as follows, and on receipt of reply, he will call the attention of the Government to the matter inquired into:

1. Is it the intention of the Canadian National Railways to install a centralized traffic control system over a part of their railway lines in New Brunswick and Nova Scotia?

2. If so, what is the estimated cost of said installation?

3. Has this system been installed on any railway in Canada?

4. If so, for what distance?

5. Is this equipment made in Canada?

6. If not, where is it to be purchased?

7. Has this system been in use under climatic and snow conditions similar to those which obtain in the winter season on that portion of the road where such installation is to be established?

Hon. Mr. DANDURAND: The answers to the inquiry are as follows:

1. Yes.

2. \$1,200,000.

3. Centralized traffic control has been installed for short distances at several locations in Canada.

4. From two to six miles.

5. Approximately half of the estimated cost will be expended for Canadian labour and materials. The rest will be imported from the United States.

6. Answered by No. 5.

7. Yes.

PRECIOUS METALS MARKING BILL

FIRST READING

A message was received from the House of Commons with Bill 12, an Act to amend the Precious Metals Marking Act.

The Bill was read the first time.

MOTION FOR SECOND READING

The Hon. the SPEAKER: When shall this Bill be set down for second reading?

Hon. Mr. DANDURAND: With leave of the Senate, I would move that the motion for second reading be placed on the Order Paper for to-morrow.

The motion was agreed to.

NATIONAL RAILWAYS AUDITORS BILL

FIRST READING

A message was received from the House of Commons with Bill 13, an Act respecting the appointment of Auditors for National Railways.

The Bill was read the first time.

MOTION FOR SECOND READING

The Hon. the SPEAKER: When shall this Bill be set down for second reading?

Hon. Mr. DANDURAND: With leave of the Senate, I would move that the motion for second reading be placed on the Order Paper for to-morrow.

The motion was agreed to.

TRANS-CANADA AIR LINES BILL

FIRST READING

A message was received from the House of Commons with Bill 26, an Act to amend the Trans-Canada Air Lines Act, 1937.

The Bill was read the first time.

MOTION FOR SECOND READING

The Hon. the SPEAKER: When shall this Bill be set down for second reading?

Hon. Mr. DANDURAND: With leave of the Senate, I would move that the motion for second reading be placed on the Order Paper for to-morrow.

The motion was agreed to.

CANADIAN NATIONAL RAILWAYS— CENTRALIZED TRAFFIC CONTROL SYSTEM

DISCUSSION

On the Orders of the Day:

Hon. F. B. BLACK: Honourable members, before the Orders of the Day are called, I want to refer to my inquiry which the leader of the House answered a few minutes ago, and in which, it will be observed, I stated I should call the attention of the Government to the matter inquired into. If I am in order, I intend to deal with the subject-matter of my inquiry, not in any critical spirit, but entirely with a view to adding information that may be of benefit to the Department of Transport. If I am not in order, I would give notice that I shall call attention to this proposed installation. I should like a ruling by the Chair.

The Hon. the SPEAKER: The honourable gentleman could proceed with unanimous consent.

Hon. Mr. DANDURAND: I understand the honourable gentleman intended to say that he would draw the attention of the Senate to the matter of his inquiry. This, I think, does not appear on the Order Paper, but I have no objection to his proceeding.

Hon. Mr. BLACK: As a matter of fact, the words were on the notice of inquiry that I handed to the Clerk.

I placed my inquiry on the Order Paper because of a discussion I heard last January

among railway men in regard to the proposed installation of a centralized traffic control system on the Canadian National Railways.

Hon. Mr. HAIG: Would the honourable gentleman explain what that is?

Hon. Mr. BLACK: I will give the explanation as I have it from those who know much more about the subject than I do. The purpose of the installation is said to be to avoid detention and to speed up traffic. In other words, this system of centralized traffic control is intended to facilitate the loading and unloading of trains and the clearing of traffic where there is congestion.

There is no doubt that in the Maritime Provinces, both on the Canadian National Railways and on the Canadian Pacific Railway, there is much congestion of traffic during the winter season, especially under war conditions. In peace-time, for a number of years preceding the war, there had been no traffic congestion. At the present time there is great congestion, particularly from Moncton to Halifax, and to a lesser extent from Moncton to Saint John, where the Canadian Pacific Railway takes a good deal of the traffic.

I put my inquiry on the Order Paper because of the discussion to which I have already referred and because of some questions I asked the railway men who engaged in that discussion with regard to the advisability of this system. I intend now to give the honourable leader of the House the criticisms I then heard, which, I may add, were not condemnatory.

The railway men who were opposed to installation of the system said that it had not been tried out, either in the United States or Canada, over any considerable mileage. In answer to the fourth question of my inquiry I am told the system has been used in Canada for a distance of from two to six miles. It is proposed, I am told, to install the system from Pacific Junction to Truro, a distance of about 136 miles. This is a long distance to be electrically controlled.

In my inquiry I asked:

Has this system been in use under climatic and snow conditions similar to those which obtain in the winter season on that portion of the road where such installation is to be established?

I inferred from what the railway men said that the system had not been tried out under similar conditions. This winter, from Campbellton to Halifax there were snow blockades almost every week. It is extremely doubtful whether a system of this type, operated by electricity, can be properly worked and maintained during the period of heavy snowfalls, when it is most needed, and when, if put

Hon. Mr. BLACK.

out of commission, it would be very difficult to restore to working order within at least a day. That is the criticism offered by those who, I assume, know a good deal about the matter.

A discussion arose as to the two opposite views. One person advocated the system, though he admitted it had not yet been tried out under such winter conditions as exist down there. Three railway men, who seemed to know what they were talking about, said that while there had been a large increase in traffic in the Moncton, Truro, Saint John and Halifax yards, yet a greater development of railway trackage in those congested areas would be much more useful than the installation of this system. They were of opinion that the yards could be extended out from Halifax to Bedford and even to Shubenacadie. They suggested that by the double-tracking of the road between Moncton and Sackville considerable improvement would be effected; also that the trackage in the Truro yards might be added to considerably and the yardage extended from Truro towards Oxford Junction.

From the discussion I gathered that the railway men were three to one in favour of increased trackage rather than the proposed installation to take care of traffic congestion brought about by war conditions.

The cost is said to be \$1,200,000. This would have to be considerably increased, because the equipment having to be purchased in the United States would have to be paid for in United States currency.

Hon. Mr. HUGESSEN: Is it a block signalling system, or what is it?

Hon. Mr. BLACK: For further information I must refer the honourable gentleman to the railway authorities: The answer to my inquiry pretty well gives the estimated cost. I am not sufficiently conversant with railway management to give any detailed information, and therefore I shall not attempt to do so. If the cost is going to be \$1,200,000, plus United States exchange, which is very badly needed in Canada at this time, that is an important consideration. Furthermore, it is contended that increased trackage would meet the situation, because the congestion is only a war-time condition. I do not believe many of us are hopeful enough to think that after the war is over railway traffic will continue to increase. If we were to lay down a little more trackage for the duration of the war, we could, when it was no longer required, take it up and use it elsewhere. Thus we should avoid an investment of between \$1,000,000 and \$2,000,000, to be charged against the capital account of the railway. The cost of laying down the addi-

tional track would be only a slight proportion of that amount, and the difference saved could be applied to war purposes.

What I have given you, honourable senators, is not my own opinion, for I have no intimate knowledge of the subject. I am not criticizing the railway management, because I have not sufficient knowledge to do so, but it seems to me that the suggestion made is sound financially and is a proper one to be placed before the Minister or the management of the Canadian National Railways for consideration.

Hon. JAMES MURDOCK: Honourable senators, when I saw this inquiry on the Order Paper I thought my honourable friend was referring to the automatic block system which is in use on hundreds of miles of Canadian railways to-day; but after hearing the answer given to-night, that there is only six miles of this centralized traffic control system in Canada, I must confess that I do not know anything about it and that it cannot be at all what I thought it was. We have the automatic block system on hundreds of miles of our railways. Many of you, in riding on a train, have seen the signal raised behind you as you went past, and it dropped when you got out of the block. I know that system works quite satisfactorily on hundreds of miles in both Eastern and Western Canada. But what the honourable gentleman refers to must be something entirely different.

Hon. Mr. HAIG: I was trying to understand what it was, but I could not find out.

Hon. Mr. CALDER: Honourable senators, I presume we are speaking to a motion of the honourable gentleman (Hon. Mr. Black) that he will call attention to certain matters.

Hon. Mr. DANDURAND: Not necessarily a motion.

Hon. Mr. CALDER: My difficulty is that I do not understand the situation at all. I do not blame the honourable member from Westmorland (Hon. Mr. Black), who only repeats certain conversation he has heard and gives other information which has come to him; but I doubt very much whether there is an honourable member in this House who understands exactly what this is all about.

Hon. Mr. HARDY: Hear, hear.

Hon. Mr. CALDER: As you cannot compare certain expenditures with expenditures about which you know nothing, and with respect to which you are not in a position to form any judgment, I would suggest that my honourable friend be given time to consult those from whom he received his information

and have them explain what the proposed new system is. When we have the explanation we shall know where we stand.

Hon. Mr. BLACK: The purpose I had in mind has been achieved. I desired to call the attention of the railway management and of the Minister to the fact that this new system had not been tried out in Canada or in the United States to any great extent, and that some railway authorities are not quite satisfied that it is going to work. I am not criticizing; I am merely calling attention.

Hon. Mr. DANDURAND: Honourable senators, I will inform the department of my honourable friend's statement and will draw attention to it. Surely the Department of Transport will be able to give me the facts and an explanation that will satisfy the Senate.

Hon. Mr. HAIG: Honourable senators, I wish the honourable the leader of the House would tell us what we are talking about.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: I tried to get the honourable senator from Westmorland to tell me what it is we are discussing, and I failed. I had hoped the leader of the House would tell me, but I am still in the dark. I am told that my honourable friend does not need a candle to light him around in Montreal, and it seems terrible to think that he is taking something to the department without knowing what it is. If the honourable member from Parkdale (Hon. Mr. Murdock) cannot tell us, I think we are lost.

Some Hon. SENATORS: Oh, oh.

Hon. Mr. HAIG: I think something should be done.

Hon. Mr. DANDURAND: I think I can go to the fountain of knowledge, the Department of Transport, and secure information as to what it all means.

Hon. Mr. HAIG: Hear, hear.

WAR APPROPRIATION BILL

QUESTION OF PRIVILEGE

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, I have been some forty odd years in the Senate, and for the first time I rise to a question of privilege. It will be remembered that in August last the Montreal Gazette had a very bitter article against the Senate's attitude on the Unemployment Insurance Act. It even went to the length of asking that we should vote for our own abolition. Considerable discussion took place at the time over that onslaught on the Senate by the

Montreal Gazette. My right honourable friend (Right Hon. Mr. Meighen) had to explain his own situation, and that of others, with respect to the vote that had been cast. For my part, I made light of that assault by anonymous writers, whose names, had they been known, would have rather amused the readers of the Gazette.

The Montreal Gazette junta were deeply offended at my remarks, and now they are on the warpath. I take no exception to their strictures as to my behaviour and my statements in the Senate, but I desire to answer in regard to what I feel to be a matter of interest, not only to me, but to the Senate itself. The article suggests that because of my speech delivered on Thursday last my English-speaking colleagues in the Cabinet should see to it that representations are made and that I am disciplined. Here is the indictment:

THE DANDURAND ATTACK

Nothing more ill-considered or ill-timed has come out of Ottawa since the commencement of the war than the extraordinary statement of the Government Leader in the Senate—Senator Dandurand, a member of the Mackenzie King Cabinet—a statement which cannot be construed as anything but a deliberate and highly mischievous attack on British industry and therefore upon the British Government. The attitude of British industry in facilitating or not facilitating production of war materials in Canada must be considered a British Government responsibility, and for this reason, if for no other, Senator Dandurand's remarks assume a complexion of the utmost gravity. The Government leader in the Senate told that body on Thursday that, prior to the evacuation at Dunkerque, industry in Great Britain refused to facilitate construction of plants in Canada which might enter into competition with British plants after the war. Prior to Dunkerque, he said, the British people were in a fool's paradise and said there was no hurry. Suggestions that plants be built in Canada which would compete with British plants were coldly received by British industry. British industrialists refused to provide their plans, secrets, blue-prints, etc., that might be used in competition with them after the war. After Dunkerque the attitude changed entirely, and Senator Dandurand eulogized the splendid way in which British industry and the British people then rose to the occasion.

Senator Meighen promptly demanded a return showing whether the British or the Canadian Government was blameworthy in not compelling British industry to co-operate at the time named by Senator Dandurand. The Government leader was not prepared to promise this return. It does not matter whether he brings it down or not; the damage has been done. English-speaking citizens throughout the Dominion cannot but experience a sense of anger over the conduct of the Minister who, individually and in common with other members of the Cabinet, had been preaching national unity in this country, a united front by French-speaking and English-speaking Canadians in the prosecution of the war. National unity is not being promoted when Senator Dandurand indulges in

Hon. Mr. DANDURAND.

an attack upon British industry, and impliedly upon the British Government, and thus affronts English-speaking Canadians in every part of the Dominion. It seems necessary for the Government leader in the Senate to realize that this country is not at war with Britain, but with Germany, that it resents, and profoundly, an attempt to weaken the harmony and impair the understanding existing between Canada and Great Britain, a harmony and an understanding that are essential to complete co-operation, which, in its turn, is essential to the complete success of a common effort.

Senator Dandurand's colleagues in the Cabinet, his English-speaking colleagues particularly, should have something to say upon the conduct of the Government's spokesman in the Senate. They ought to tell him that this is not the time for the introduction of any discordant note that may or can affect unity of effort on the part of the Dominion and Britain and unity of effort on the part of the two principal races in this country. When the war is over and has been won Senator Dandurand will be perfectly free to say what he likes, if public opinion will let him. If there is any soiled linen he can hang it out on the line then, when it will do no harm to anybody. It is calculated to do a maximum of harm now, and the entire Government, on the principle of collective responsibility, must accept responsibility for it. The only way to avoid this is to discipline Senator Dandurand, and to do it publicly.

Mr. John Bassett waxes indignant. The crime of lese-majesty has been committed. It would look as though there had been an act of treason against the Crown. Just think of it! I have dared to talk of British industry being for a certain length of time reluctant to help our Canadian manufacturers to make munitions and implements of war. I knew that this matter had been discussed on all sides. I had heard repeated complaints all around me, in Ottawa and in Montreal.

I have not had time to review the prolonged discussion in the other House, but I can point to a statement of the Honourable Mr. Howe to the effect that in the first period of the war the United Kingdom apparently believed she would be in a position to depend largely on her own munitions industry. This is in fact what I stated, and this explains why very few orders were coming to our Canadian manufacturers during that time. Here is Mr. Howe's statement:

In the last statement which I made in this House with respect to Canada's war effort, toward the close of the last session, I explained that the nature of our problems was changing. I pointed out that in the first period of the war the United Kingdom appeared to believe that she would be in a position largely to depend on her own munitions industry. The successive overrunning of Denmark, Norway, Holland, and Belgium, and the collapse of France changed the entire situation. Britain was now left alone in Europe and besieged. All her production was immediately necessary at home. The earlier plans for our joint effort, therefore, had to be revised. Where originally these plans called for special equipment to be supplied to

Canada from Great Britain, now alternative sources had to be found in Canada and the United States. Britain's need for supplies from overseas jumped, and Canada was requested to go full speed ahead.

I knew also that Fortune, an important American review, had laid stress on the relations of British and Canadian industries in its issue of November, 1940, but I had not that review at hand. I have since recalled that it was the Montreal Gazette which drew the attention of the public to this study of Canada at war, by Fortune, and which prompted me to read it. The commendation by the editor of the Gazette was complete and without any reserve whatsoever. It appeared in the editorial columns of that paper on October 31, 1940, under the heading, "An Industrial Miracle." Here is the editorial:

AN "INDUSTRIAL MIRACLE"

Canada is again the subject of a leading article in Fortune, a "magazine of management" published in New York. In its current number a great tribute is paid to Canada's leading industrialists—to their initiative and enterprise in bringing Canada's industries into active co-operation with the national war effort, and to the resolution manifest in every branch of our industry to "prop up the Empire" and help win the war. What the writer of the article foresees as an ultimate result is "an industrial machine" capable of giving the Dominion an industrial independence alike of Great Britain and the United States. During the first nine months of war Canadian industrialists were favoured with only small orders for war materials. Then came the fall of France and within the ensuing four months Canadian industry had received firm orders totalling \$275,000,000. The despatch with which these orders were executed, or are being executed, and the efficiency of the output has won admiration on all hands. Says Fortune in its November number: "When you consider that Canadian industry had never made a tank, a combat airplane or a modern high-calibre rapid-fire gun, the speed with which industry was organized and actual production started coming off the lines ranks as an industrial miracle."

No more convincing evidence could be given of Canada's ability to stand on her own feet in helping Great Britain. As Canada's industrial machine expands, the Dominion, Fortune is confident, will, in virtue of her acquired economic strength, become more and more independent of the United Kingdom economically. But will she tend to become more dependent on the United States? Since the beginning of the current year imports from the United States have increased by 55 per cent, as compared with an increase during the same period of only 37 per cent in our exports to that country. Due to the fact that the war has closed to Canada quite a number of markets abroad it would seem almost inevitable that economically we shall be brought more and more at the mercy of our neighbour. The situation in this respect is bound to become accentuated if the war is prolonged. That will increase Canada's difficulties in finding the United States dollars needed to pay for her

purchases of basic materials. Fortune admits that if the tourist business and gold production fail to make ends meet, Canada might be forced to place quota restrictions on United States goods of non-essential character; might be forced to liquidate the balance of Canadian-held United States securities; or, as a last resort, might be forced to discontinue or put on quota the payment of interest and dividends to United States holders of the \$4,000,000,000 worth of Canadian securities.

But surely these are remote contingencies, and there is encouragement in Fortune's affirmation that, in any event, "long before the last point has been reached it is likely that the United States will have found some way, perhaps under the common defence pact, to lend Canada United States dollars." This would to an appreciable extent relieve the situation—and in the very fact bring the two countries into closer economic union. From that point it would be easy to argue that, out of closer economic bonds, political bonds might evolve and eventually bring about political union. Fortune, however, decries this idea and in the light of the realities as we know them, this United States magazine reasons quite soundly in pointing out that no matter how much money the United States may lend Canada, or how far the United States will go in deciding that the Ottawa-Washington defence pact for defence is also a pact for offence, or how close economically the two countries become in the future, Canada will not come any closer to political union.

Canada has her own problems—notably those of wheat and the railways—and no matter what difficulties they and the added problem of adjusting our relatively tremendous industrial machine to the ways of peace may present, Canadians will want to solve them for themselves. As an offset—if the bright picture which Fortune's article draws has the true perspective—Canada will have the advantage of being able to compete in the markets of a war-free world on a better basis than ever before, and so may find herself the principal foreign trade arm of North American industry. Canada certainly will appreciate and be cheered by this article, and whatever may be its other merits, the writer can be assured of this: He is everlastingly right in his conclusion that come what may, we will remain Canadians.

From the Fortune article, so highly praised by the Gazette, I will now read excerpts that cover all the statements I made, statements which, though in far more moderate terms, have so scandalized the Montreal Gazette. Fortune speaks of our declaration of war, and of "a set of laws which were passed to control a war economy," adding, "but there was little war economy to control." It goes on to say:

Canada, eager to help, was told to wait. At last, when war broke against the cliffs of Dover, Canada suddenly started into amazing action. The Government went all-out on a budget that made the war economy a fact rather than a blue-print; it speeded up a huge training programme for air pilots, and miraculously turned its infant industry into roaring arsenals. The story of these hesitations and the rapid steps that succeeded them is the story of Canada's first year of war.

The article then refers to our financial measures, the Budget, a tax on excess profits, foreign exchange control, and so on, and it continues:

But the Government, all dressed up in these exchange controls, and in the price controls and tax measures previously mentioned, and with a nice, round 100-million-dollar appropriation for the prosecution of the war, soon found that it had no place to go. For six months Canada marked time. The simple fact is that Canada didn't have a war economy because it didn't have a war. Its ally would not let it have one.

It was England's war. It belonged at that time to the political-industrial group that is best represented by Mr. Chamberlain and his umbrella. When their peace at any price could not be bought, their war became a war at the cheapest price, and they fought it believing that Germany could be worn down via the British Navy and the Maginot Line—in other words, through economic attrition.

So England had no intention of permitting Canada to build an industrial machine for the war effort, because that machine would be a threat to its industry when peace came.

The United Kingdom's markets had already been invaded by American-owned branch plants in Canada—not very seriously, it is true, but enough so that England's tight little industrial autocracy in war-time preferred to buy, and did buy, in the U.S. rather than have Canadian plants expanded. Toronto industrialists went to London, but got only a few educational orders for shells, military clothing, and powder. They were pointedly told that the production of planes, tanks, and guns was "well provided for in England." Canada's part in the war, they said, was to train airmen, a long-term programme that in a number of years would supply the Empire with tens of thousands of pilots a year—and England would make the planes and supply the engines.

Sensing that they were in a backwater in a war of stagnation, the Ontario industrialists in December began shooting at Mr. King's Government. The conduct of the war had been disgraceful, they argued. Canada had sent a handful of men abroad, a token expeditionary force. Aside from that the Government had rocked along with a do-nothing policy. Ontario's Premier, the irascible "Mitch" Hepburn, pushed a resolution through the Ontario Legislature denouncing the King Government. There was a great clamour for Mr. King's head, long before Mr. Chamberlain fell. King, knowing that the fault lay not in Ottawa but in London, again showed his command of parliamentary strategy. In one of the most surprising political moves Canada has ever seen, he caught his opponents off base by dissolving Parliament the first day it convened in January and went to the people for an election. By simply convincing them that Canada had been fighting the war the way England wanted it fought, he continued in power with a bigger majority than ever, and the Toronto faction, which couldn't very well tell its story about wanting more business and some profits from war, subsided.

When you consider that Canadian industry had never made a tank, a combat aeroplane, or a modern high-calibre rapid-fire gun, the speed with which industry was organized and actual production started coming off the lines ranks as an industrial miracle.

Hon. Mr. DANDURAND.

The inconsistency of the Montreal Gazette is made quite apparent when one places side by side its attack upon me and its eulogy of Fortune's article. I am not surprised at this inconsistency, nor at the malice which the paper displays. It tries to make a mountain out of a molehill. And it appeals to my English-speaking colleagues to express their disapproval. Why that appeal to my English-speaking colleagues, when, according to the Gazette, the principle of collective responsibility is involved?

If the high priests of jingoism in this country showed to the men charged with the heavy responsibility of steering the ship of State during these troublous times half the sympathy and commendation they bestow upon the men at the helm in Great Britain, they would help to create an atmosphere of amity and goodwill among Canadians which would redound to their credit and be most helpful in the prosecution of the war. But then the President of the Montreal Gazette would no longer be a jingo. This would indeed be a miracle.

Right Hon. ARTHUR MEIGHEN: Honourable members, the leader of the House has, as he knows and as everyone knows, gone away beyond his right in respect of a question of privilege. He knows the limits within which one is bound to keep when one asserts that right. I am not going to review this subject—the time for doing so will come—but I do say this: the leader of the House did not improve his position at all by seeking in controversy with another person to quote his own colleague in his own defence; much less did he do himself justice by going to an American magazine and reading its vilification of Great Britain for his justification.

Hon. Mr. DANDURAND: With the applause and eulogy of the Montreal Gazette.

Right Hon. Mr. MEIGHEN: Not at all. A great deal of it had nothing to do with the portion he quoted.

Hon. Mr. DANDURAND: It speaks of industrial development in Canada.

Right Hon. Mr. MEIGHEN: Certainly; but that is not the point in issue. What Fortune said of Great Britain was not referred to in the Gazette at all, nor was it supported by one tittle of evidence, and I am surprised that a member of the Government of Canada would quote an unsupported article in an American magazine—and he

could quote such articles by the score—in justification of his reflection on the British people and the British Government.

Hon. Mr. DANDURAND: I would only say that I read Fortune at the behest of the Gazette, which eulogized the article from A to Z—

Right Hon. Mr. MEIGHEN: It did not.

Hon. Mr. DANDURAND: —and declared it was an admirable thing. I think I have a right to say that the article in Fortune, eulogized by the Gazette without any reservation whatever, went far beyond what I did say, yet as a matter of fact remained in the realm of truth in stating that the industrialists of Great Britain, up to the time of the Dunkirk withdrawal, did not desire to have Canadian industries built up while they themselves could furnish materials of war. But I will say more.

Right Hon. Mr. MEIGHEN: If you do, I will too.

Hon. Mr. DANDURAND: I will say more. The policy of the Government of Great Britain at the time was exactly that followed by its industrialists, for the simple reason that Great Britain wanted goods for export to Canada to offset its purchases here and to build up credits in Canadian funds. This policy was clearly indicated when we set up the Commonwealth organization.

Right Hon. Mr. MEIGHEN: Is this a question of privilege, or is it another debate?

Hon. Mr. DANDURAND: No; but I allowed my right honourable friend to speak.

Right Hon. Mr. MEIGHEN: It was good of you.

Hon. Mr. DANDURAND: There can be no discussion on a question of privilege.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I simply answered the point my right honourable friend raised. As a matter of fact, I repeat, there can be no discussion on a question of privilege.

THE LEGISLATIVE FUNCTION OF THE SENATE

On the Orders of the Day:

Right Hon. Mr. MEIGHEN: There is another matter I want to raise on the Orders of the Day. It is to call attention to the treatment of Parliament, and especially the treatment of this House, at the present time. Outside of three or four small private bills, with the disposition of which the Government

has no power as between the Houses, we have before us now three measures: the usual one that comes every year to renew the grant to the city of Ottawa; the usual one that comes every year to reappoint the auditors of the National Railways; and another Bill to amend the Meat and Canned Foods Act. We are now in the third or fourth month of this session. All we have ever had before us yet is a money Bill, and as to that money Bill we have no right to amend it, and, traditionally at least, no right to defeat it.

What are we? Do honourable members feel this is all that is being done legislatively in the Dominion? I doubt whether there ever was a time in our history when more legislative problems were being dealt with than now. Necessarily there must be legislative questions of the most intricate, far-reaching and momentous kind. We read of them in the Press, even while Parliament sits—questions affecting vast sums of money, vast rights of property, rights and liberties of the subject; questions touching everything that is sacred and important in our national life. But this is what is brought to us.

Hon. Mr. DANDURAND: It is all that the Commons can send us.

Right Hon. Mr. MEIGHEN: Certainly. The rest is dealt by Order in Council of this Government while we solemnly meet and go through this farce. It is done every day. Are we, for example, to have for review the legislation which affects the exemption rights of our citizens? It never comes near us, yet it changes their whole basis. Are we to have before us the legislation we read so much of, under which a new turn is to be given to agriculture over half of this great country and vast sums from the Dominion treasury are to be appropriated for the purpose of diverting the energies of agriculture from one field into another? That legislation, I understand, will be merely included in the Estimates and otherwise dealt with by Order in Council. Tremendous things are done behind the closed doors of Government while Parliament is sitting, and there is submitted to us the momentous question of deciding whether we ought to change the definition of canned lobster meat! We sit here with our faces set as though we were real legislators. This is surely of as much importance to every other member of this House as to me. It is particularly important to honourable members opposite. What they say to the Government and what pressure they bring to bear on it will have some effect. Nothing we can do can have any effect on the position. If this continues what is to become of Parliament, or of this branch of Parliament? I have a

great deal of respect for the common sense of the people of Canada. Sometimes I do not like their political judgment—

An Hon. SENATOR: That is right.

Right Hon. Mr. MEIGHEN: —but I do feel they have some common sense. They will not long continue to pay so many statuesque figures sitting here and dealing with chicken feed of the kind that is put before us. If they do, and we accept payment, we are not the men we ought to be. There is nothing but cynical disdain for the rights of the nation's representatives in both Houses, but especially in this House, for we cannot amend a money Bill. The door is shut on us and we are told we have nothing to do with things of such consequence—consequence, which, aside from the war itself, is the most momentous of any that has concerned this country in years.

Hon. Mr. DANDURAND: You mean the agricultural question?

Right Hon. Mr. MEIGHEN: Yes. This is just a quiet, cynical disdain and contempt of Parliament and particularly of this House. Everyone I am facing knows it is. It is, on the part of the Government, just a thumbing of the nose at Parliament.

Hon. Mr. DANDURAND: My right honourable friend was not here the other day when I brought down figures regarding the 2,600 Orders in Council which he had stated had been passed during the session of Parliament and concerned matters that should have been brought before Parliament. I think—

Right Hon. Mr. MEIGHEN: Excuse me. I did not say they all should have been brought before Parliament. A lot of them are merely administrative. I am complaining of things that are fundamentally legislative, that undoubtedly should come before Parliament when Parliament is sitting.

Hon. Mr. DANDURAND: My right honourable friend has referred to agriculture and to the difficulties we are encountering in the West over the wheat question, and he says, "Is it not a matter that should interest the Senate?" Undoubtedly it is, and it will come before us.

Right Hon. Mr. MEIGHEN: How?

Hon. Mr. DANDURAND: My right honourable friend says, "But there is a Supply Bill for \$35,000,000, and we have nothing to do but accept the figure or reject it." I want to tell him this. There are considerable difficulties in drafting legislation to fit provisionally the present situation in the West. Regulations will be submitted to the House

Right Hon. Mr. MEIGHEN.

of Commons, and it will be explained how by Order in Council the Government will proceed through the Department of Agriculture. I think that when my right honourable friend sees those regulations he will understand there is a situation that must be faced, and when he hears the reason why they cannot be incorporated in legislation he will ponder over it and agree there is wisdom in the conclusion. But we are discussing in advance a measure that is to come here.

Right Hon. Mr. MEIGHEN: I have been through many of these things.

Hon. Mr. DANDURAND: Of course my right honourable friend has been in power and has seen to the administration of such matters as the wheat question and agriculture, but he has not yet confronted a situation similar to the present one. From 1914 to 1917, when he was in power, wheat was selling at from \$2 to \$3 a bushel. There was no question then of facing a situation such as we have to-day. It is so complex that there are very good reasons why the Government should proceed in one way and not the other.

My right honourable friend has no right to say this House is valueless because nothing is coming to us. He knows very well that this is a war session and practically all the legislation relates to the war. There is not a financial question without such a bearing; not even the question of agriculture. The men at the helm of what are called the war departments are in the other House. It is for them to answer questions, and the Lord knows they are plied daily with questions to the point of being unable to administer their departments as they should; but they must answer the call of Parliament. My right honourable friend knows very well that the work cannot be stopped. The Ministers do their utmost by working from fifteen to eighteen hours a day. Sometimes at midnight I can see the lights in their offices, where they are still working because they have to make up for the time given to the House of Commons. My right honourable friend cannot expect us to duplicate that work here, and he does not ask it either.

Now, he speaks of agriculture. Well, agriculture is fundamentally a question of finance, because we are facing an expenditure of \$35,000,000, based on a certain solution proposed by the Government. My right honourable friend may say there is a better solution, but the West is represented in the other House, and their members can state what are the desires of the three Western Provinces. Undoubtedly they are attending to the interests of their constituents. We have no constituents to defend, except on general principles. But I am quite sure my right

honourable friend is in error when he states that we might as well adjourn and go home because we are not given important legislation. It should be borne in mind that this is a war session. As I said some time ago, when we are reproached with not being very active we should remember that silence on our part represents wisdom and is perhaps, in the circumstances, our best contribution towards the carrying on of the war.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: I say that because speeches very often are vain. To-day it is action that counts, and the Government is on the job.

Right Hon. Mr. MEIGHEN: What the leader of the House states is just this: "This Western problem is very difficult; therefore the Government must solve it, and you must be silent and let it do so."

Hon. Mr. DANDURAND: I did not say that.

Right Hon. Mr. MEIGHEN: The difficulty of the problem is all the greater reason—an unanswerable reason—why the lines of solution, in the form of a measure, should be submitted to both Houses. It is for such reasons that the Houses of Parliament exist. They do not exist for mere formalities or silence, but for work on legislation. If they do not fulfil that function, dead indeed is the people that allows them to live. Look through the statutes passed during the years of the last war and tell me if every session there was not legislation of the most important character on every subject of consequence. We were busy then too; our lights were lit all hours of the night. "Oh," it is said, "but this is far worse." Everyone thinks his own problem the worst. I am not going to minimize the heaviness of the load, but the heavier it is, the greater the reason why the two Houses should cooperate, not by silence, but by thought and toil.

OTTAWA AGREEMENT BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 23, an Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

Hon. L. COTE: Honourable senators, I shall be very brief. First, I wish to express my appreciation to the leader of the House for having twice had the final passage of this measure postponed in order that I might have an opportunity of making on it a speech—which I have no intention of making.

If we were in normal times, I should certainly have reason on my side for stressing a point I have already developed in this House, namely, that this perennial grant of \$100,000 by the Government to the City of Ottawa in lieu of taxation is inadequate. But we are not in normal times, we are at war, and no doubt the Council of the City of Ottawa know, as we all do, that we must not divert nor attempt to divert from the public treasury dollars which can be used elsewhere. We all know that in these days dollars mean bullets and shells, aeroplanes and ships, and finally victory. For this reason I am sure the City of Ottawa would not like me to raise my voice at this moment to ask for even a minimum increase of the amount which is provided by this Bill by way of allowance to the City of Ottawa. I might express the hope—I am sure the City Council would agree—that the money we forgo this year will be used in such a way that it will be of the utmost harm to the enemy.

Some Hon. SENATORS: Hear, hear.

The motion was agreed to, and the Bill was read the third time, and passed.

MEAT AND CANNED FOODS BILL

SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 14, an Act to amend the Meat and Canned Foods Act (Fish and Shellfish).

The motion was agreed to, and the Bill was read the second time.

MOTION FOR THIRD READING POSTPONED

The Hon. the SPEAKER: When shall this Bill be read a third time?

Right Hon. Mr. MEIGHEN: Is it not of sufficient importance to go to committee? I am not sure that it is.

Hon. Mr. DANDURAND: I was looking for the statement of the Minister of Fisheries when I heard the Bill receive its second reading. It was my intention to give some explanation in addition to the explanatory notes that are to be found on the right-hand page of the Bill. I might perhaps move the third reading now and give the explanation, which I think would suffice; but if anybody from British Columbia or the Maritimes is interested in the matter, I shall gladly postpone the motion until to-morrow.

Right Hon. Mr. MEIGHEN: I think it would be well. The honourable senator from Lunenburg (Hon. Mr. Duff) might come back, and any subject of this kind always interests him.

Hon. Mr. DANDURAND: In the hope that he will be here, I move that the third reading of the Bill be placed on the Order Paper for to-morrow.

The motion was agreed to.

DIVORCE BILLS

SECOND READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, moved the second reading of the following Bills, which were severally read the second time:

Bill D, an Act for the relief of John Hubert Fox.

Bill E, an Act for the relief of Dorothy Jean Fletcher.

Bill F, an Act for the relief of Lillian Bald Ellison.

Bill G, an Act for the relief of Clavell Filliter Stroud.

Bill H, an Act for the relief of Mary Marion Grey McKay.

Bill I, an Act for the relief of Frances Goldberg Joseph.

Bill K, an Act for the relief of Marguerite Marie Rita Duchesneau Goulet.

Bill L, an Act for the relief of Edna Irene Yertaw.

Bill N, an Act for the relief of Marion Cameron MacLaurin Nelson.

Bill P, an Act for the relief of Kenneth Grier Thornton.

Bill R, an Act for the relief of Annie Elizabeth Cunningham Wheatley.

Bill S, an Act for the relief of Dorothy Theresa Downard Street.

Bill T, an Act for the relief of John Greig.

Bill U, an Act for the relief of Lloyd Charles Edward Francis Fulford.

Bill V, an Act for the relief of Joseph Gaston Yvano René Dupuis.

Bill W, an Act for the relief of Audrey Alexine Stephenson Smyth.

Bill X, an Act for the relief of Lillian Shapiro Denenberg.

Bill Y, an Act for the relief of David Rainville.

PRIVATE BILLS

SECOND READING

Hon. Mr. McGUIRE moved the second reading of Bill Z, an Act respecting Consolidated Fire and Casualty Insurance Company.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the SPEAKER: When shall this Bill be read a third time?

Right Hon. Mr. MEIGHEN: This Bill should certainly go to committee.

Right Hon. Mr. MEIGHEN.

Hon. Mr. McGUIRE: I would move that this Bill be referred to the Standing Committee on Banking and Commerce.

The motion was agreed to.

SECOND READING

Hon. S. A. HAYDEN moved the second reading of Bill A2, an Act respecting the Ontario and Minnesota Power Company, Limited.

He said: Honourable senators, at the request of the honourable senator from Thunder Bay (Hon. Mr. Paterson) I move that this Bill be read a second time and that it be referred to the Committee on Banking and Commerce.

The motion was agreed to, and the Bill was read the second time, and referred to the Standing Committee on Banking and Commerce.

SUSPENSION OF RULE

Hon. Mr. HAYDEN: Honourable senators, with the leave of the Senate I desire to move that Rule 119 be suspended in so far as it relates to Bill A2, an Act respecting the Ontario and Minnesota Power Company, Limited. The object of the suspension is to dispense with the seven days' posting usually required, so that the Bill may be dealt with at once. There are no outside interests concerned; so no person will suffer by the waiving of the seven days' notice.

Hon. Mr. DANDURAND: I was just about to ask my honourable friend whether he is certain that all persons interested in the Bill, for or against, are agreeable to its being proceeded with immediately. The purpose of Rule 119 is to make sure that the public are given a week's notice of the date when any committee is to sit for consideration of a private bill. Now it is proposed that Bill A2 be brought before a committee to-morrow. Is there a general understanding among all interested parties that this is to be done?

Hon. Mr. HAYDEN: Yes, I am so informed.

Right Hon. Mr. MEIGHEN: Or rather, is not this the situation, that there are no diverse interests? If I appreciate the Bill rightly, its object is merely to continue in the present company rights which were not transferred to it in its charter, but which its predecessor company had and enjoyed. I hope if I am wrong I shall be corrected, because it is an important matter for us to dispense with notice of the sitting of a committee for consideration of a private bill. As I see the situation, only the company itself is concerned with this measure; there are no diverse interests.

Hon. Mr. HAYDEN: That is correct.

Hon. Mr. DANDURAND: All this is done with the knowledge and consent of the provincial Government?

Hon. Mr. HAYDEN: Oh, yes.

The motion was agreed to.

SECOND READING

Hon. L. COTE moved the second reading of Bill C2, an Act to incorporate the Roman Catholic Episcopal Corporation of James Bay.

He said: Honourable senators, this is a Bill to incorporate the Right Reverend Henri Belleau and his successors as a corporation sole, under the name of the Roman Catholic Episcopal Corporation of James Bay. It appears that the jurisdiction of the Right Reverend Henri Belleau, who is Vicar Apostolic of the Vicariate Apostolic of James Bay, extends over two provinces; hence the necessity of seeking incorporation by Act of this Parliament. When the Bill is read a second time, I shall move that it be referred to the Standing Committee on Miscellaneous Private Bills.

Right Hon. Mr. MEIGHEN: As I am not on the Private Bills Committee, I should like to mention a point or two here. I presume this Bill is in the same form as many others of a similar character, but one thing in it struck me as rather peculiar. The church dignitary to whom the honourable gentleman refers is himself incorporated, and his successors in that office succeed him as the incorporated person from time to time. The corporation, which consists of one man, is entitled to become the owner of certain assets, the only restriction being that the real estate assets must not have an annual income value of over \$50,000. The thing that struck me as rather odd was that although it is clearly contemplated that these assets would be of great value and importance, they may be disposed of by the one incorporated person with the consent in writing of two clergymen chosen by himself. That may be the method usually adopted, but it does seem to me somewhat peculiar to include it in legislation. We compel the incorporated person to consult two clergymen before disposing of real estate, but these clergymen he may choose himself. That is not much of a check. Another odd feature is that the Bill does not define what is meant by a "clergyman." I should think that under the present wording the incorporated person could call in a clergyman of the United Church.

Hon. Mr. COTE: Honourable senators, I can assure the right honourable gentleman that the Bill is in the form usually followed in such cases. I am conversant with a great

many of the Acts incorporating dioceses in Ontario, for instance, and all these, whether passed before Confederation, by the late Province of Canada, or afterwards, by the Legislature of Ontario, are in virtually the same words as these, and the provisions for the disposal of property are likewise virtually the same in all. The real purpose of incorporating the Archbishop of a diocese as a corporation sole is to give him by statute the corporate status which in England a bishop or the holder of a certain position in the church has at common law, the right of succession in law. He is given the right to hold lands, to sue and be sued, and so on; in short, all the rights of a corporation. In order to avoid the trouble and inconvenience of having to transfer to his successor, upon the death of a holder of a see, the property held by him in trust for the diocese, this means has been adopted by our legislatures almost from time immemorial. If the expression "clergyman" needs clarification, no doubt the members of the Miscellaneous Private Bills Committee will look after that.

Hon. Mr. DANDURAND: I did not have an opportunity of studying the Bill closely. I relied upon the statement that it had been examined by our late Law Clerk, Mr. O'Connor, and given his approval.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Coté, Bill C2 was referred to the Standing Committee on Miscellaneous Private Bills.

SECOND READING

Hon. Mr. BUCHANAN moved the second reading of Bill E2, an Act respecting United Grain Growers Limited.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Buchanan, the Bill was referred to the Standing Committee on Banking and Commerce.

CANADA'S NATIONAL HEALTH

DEBATE CONTINUED

The Senate resumed from March 26 the adjourned debate on the motion of Hon. Mr. Sauvé:

1. Whereas the strength of the nation depends especially upon the health of the Canadian people;

2. Whereas the object of every effort, either individual or social, is "life itself, its preservation and development";

3. Whereas in this period of war, anguish and excess, it is all the more urgent to prevent disease by protecting and fortifying health;

Therefore, be it resolved that this House respectfully recommends that the Department of National Health of Canada do:—

(a) deal more severely with the elements detrimental to health, especially with the increasing misuse of broadcast advertisements recommending panaceas or certain commercial articles of food and drink;

(b) see that the danger of the abuse of unsuitable foods and beverages be taught widely by the Press and the radio and in schools;

(c) spread knowledge of the properties of wholesome foods and beverages.

Hon. G. LACASSE: Honourable senators, I have already extended well-deserved congratulations to the honourable member from Rigaud (Hon. Mr. Sauvé) on the able and comprehensive manner in which he presented his case and justified his stand in respect of rational feeding. I do not deem it necessary, therefore, to repeat what I have already stated on that score. I do, however, feel more or less bound, as one of the representatives of the medical profession in this House, to add a few brief remarks to what I have said. I understand that some of my honourable confrères here also intend to speak on the subject.

I am sure that my honourable friend from Rigaud is not, any more than any other member of this honourable body, expecting to have to listen to any scientific lecture from the six or seven physicians who happen to belong to this Chamber. But it is quite obvious that, as members of a professional fraternity which is naturally recognized as the guardian of the health of the nation—individually, as active practitioners, and collectively, as members of various medical and public health agencies—we cannot help being deeply interested in the subject my honourable friend thought opportune to bring to our attention.

Let me say, in the first place, that I accept his well-founded assertions and that I fully share his views on this matter of rational feeding. His carefully prepared statements bear witness to the fact that at least there are, here and there, a few laymen who understand the full value of properly directed diets and “régimes alimentaires,” and who are even ready to follow, in so far as they are personally concerned, the doctor’s orders in that respect. That, at least, I take for granted.

May I at this point observe that my honourable friend paid comparatively too great attention to the hunger of the people and not quite enough to their thirst. Far be it from me to stamp myself as a total abstainer or an advocate of total prohibition,

Hon. Mr. BUCHANAN.

but may I say, in passing, that the laws of true temperance are too frequently violated, irrespective of the liquor regulations imposed by our various provincial governments. I refer particularly to Sunday drinking, and I know what I am talking about. It would be better indeed not to have any restrictions at all than to have them disregarded, because flagrant disobedience diminishes respect for all law.

Just one more point before I conclude. I wonder if it occurred to my honourable friend that, speaking always from the standpoint of social welfare in general, rational feeding is but one aspect of the problems which are confronting us now and which will confront us to-morrow in a much more challenging way. I grant, of course, that proper feeding in infancy and childhood truly orientates the whole life from a physical standpoint, and that wholesome nutrition helps the human body to achieve its full development and to stand successfully the threat of many diseases. In fact, it is no exaggeration to say that, on this continent at least, more people die from eating or drinking too much than from actual starvation. But the physical welfare of the people also depends on other factors, namely, proper housing conditions, adequate clothing, well-directed physical exercise, and so forth. Every member of this House knows what I am alluding to. A thorough discussion of such correlated problems, however, would carry me too far, and I shall dispense with studying them at present. My point is that if we do not prepare right now to face them intelligently, and then act according to the best interests of the nation, the social and economic problems of to-day will be ten times harder to solve to-morrow—after this war is over.

Hon. EUGENE PAQUET (Translation): The motion introduced by the honourable senator from Rigaud (Hon. Mr. Sauvé) has my whole-hearted support. During his long political career the honourable senator has shown vision, courage and patriotism in the study of social problems. Through the programme which he advocates and the health reforms embodied in his motion we may expect social legislation based upon justice. I wish to express my thanks to the honourable senator, who is making every necessary effort with a view to enabling our country to develop her boundless resources as rapidly as possible.

In the peaceful contests that will come after this war, public men, representatives of medical and health associations and members of the Senate will have an opportunity to review and study the post-war problems.

I must also thank and congratulate our esteemed colleague from Essex (Hon. Mr. Lacasse), who has made a generous contribution to this debate and brought forward suggestions that will surely produce beneficial results.

All my colleagues acknowledge the paramount importance of national health. I hope a definite health policy will be set forth through the combined action of the Dominion and the provinces.

So far as I know, each province has a health department, but a far more satisfactory result would be secured if the Dominion and the provinces were willing to work together. I know that under present financial conditions no effective assistance can be expected from the Dominion Government. The federal authorities are quite justified in refusing to admit into this country persons who are suffering from serious diseases. The Dominion Government should also recognize its duty to maintain in good health those who are already here. Some co-operative health scheme should be worked out between the federal and the provincial authorities.

In matters of health there is all too frequently an unfortunate overlapping in services. My honourable colleagues will perhaps have noticed such an overlapping in agriculture. We have experimental farms and demonstration stations, some of which are under the control of provincial governments, while others are maintained by the Dominion Government. Health problems have a social character and we shall never find a truly national solution for them if we fail to adopt a system involving fair and reasonable co-operation between the Dominion and the provinces.

I was greatly interested in reading a study prepared for the Royal Commission on Dominion-Provincial Relations. The author goes into the development and efficiency of health services in Canada. The main responsibility as regards health protection devolves upon the provinces, for that is a traditional function of provincial governments, but the Dominion has a special duty to discharge.

During the first forty years of this century considerable development has been achieved in the various branches of science. Medicine has advanced wonderfully: surgeons display more daring, cleverness and enterprise and they are better equipped than formerly; health experts have discovered efficient methods for the control and prevention of contagious and infectious diseases. Then there has been the comparatively recent discovery of vitamins, those factors which, through their well-defined properties, enable human beings to secure better nutrition, strengthen their health,

increase their energy and, in short, render themselves more efficient. On the other hand, chemistry, physics, electricity, agricultural husbandry, botany and geology have not only enabled physicians to obtain essential knowledge and secure better instruments, but have also made it possible to organize our industrial and economic life so as to ensure more comfort and happiness.

In the dissemination of knowledge on matters of hygiene the purpose is to impart health information by methods that awaken and stimulate the public mind and promote healthy habits of life. This motion earnestly recommends that the Minister of Health should, through the Press, the radio, and the schools, point out to the public how dangerous is the careless use of improper foods and beverages, and explain the properties of foods and beverages which are to be recommended. Through the Press and the radio, by the distribution of bulletins and with the co-operation of various associations, we should bring within the reach of the average citizen the knowledge that we have on matters of hygiene.

In the light of historical knowledge it is clear that those who drew the British North America Act in 1867 could not foresee the modern problems of public health; so we should not be surprised if that Act says very little about public health.

The teaching of hygiene and the study of many health problems are within the jurisdiction of provincial governments.

I congratulate the honourable senator from Rigaud (Hon. Mr. Sauvé) on his remarks regarding the consumption of milk among children and regarding the diseases caused by malnutrition. The death rate among children will never drop unless proper methods for the care of mothers and infants are made known to the public.

We ought to be proud of our young country, for she has achieved considerable progress in public health. However, in spite of that constant improvement, Canada has a higher death rate among children than any other white nation of the British Empire. Here are some figures:

1931, Canada—death rate among children.	85
1933, Canada—death rate among children.	75
1936, Canada—death rate among children.	66
1937, England—death rate among children	58
1937, New Zealand—death rate among children	30

Provincial governments are endeavouring to co-operate with the federal authorities with a view to improving public health, which is considered by all of us as the very basis of national welfare, and consequently as a

matter of national importance. Preventive measures are being taken, with a beneficial effect upon the national health. In the prevention of disease, wonderful progress has been achieved as regard tuberculosis, diphtheria and smallpox. Health units are bringing to the knowledge of the public the best methods of preventing disease. By visiting the people in their homes, they ascertain what improvements could be made. In certain parts of the country, that work has produced wonderful results.

As regards health units, the province of Quebec has probably achieved more success than any other area of Canada, and, to my mind, that province deserves high praise for the encouragement it has given to this work, and for the good results derived from it.

Health units are also combating contagious diseases, which, by the co-operation of local physicians, can now be more quickly controlled. They are also distributing serum and vaccine. They inoculate children against smallpox and diphtheria. In many areas, thanks to the health units, all children have been inoculated against diphtheria. The results have been wonderful.

Where do we stand as regards the fight against cancer? That disease is increasing at an alarming rate and is becoming an ever more important cause of death.

In Canada all the provinces have launched a great movement for the early diagnosis and treatment of cancer. The diagnosis of that disease requiring costly instruments, and its treatment necessitating the use of radium, the provinces have not hastened to open clinics. Under the present circumstances the programmes of cancer prevention are necessarily limited, in view of the travelling expenses that must be incurred in order that a comparatively few clinics may be reached.

The fight launched many years ago against tuberculosis is constantly expanding and is giving results that are more and more encouraging. The province of Quebec is making a great contribution in the fight against tuberculosis. Apart from fifteen field specialists, the province maintains twelve sanatoria. The combined effort of health experts, physicians in charge of clinics, and anti-tuberculosis associations, ensures efficiency in the fight against that great plague. Unfortunately, quacks, inventors of secret medicines and charlatans prey upon an unsuspecting public and deceive sick people, offering them spurious cures, the marvellous efficiency of which they extol. Through the Press and the radio the sick should be warned against quack medicines and methods of treatment that are extremely dangerous.

Hon. Mr. PAQUET.

I urge upon this House the necessity of requesting the Federal Minister of Health to take action with a view to dealing more severely with elements that are endangering health, and especially to stop the more and more common practice of advertising over the radio various nostrums, foods or beverages. Through the Press and the radio, as well through the schools, the public should be acquainted with the danger that lies in the careless use of improper foods or beverages, and they should be informed as to the properties of safe foods and beverages.

The heads of health services in the various provinces have a sincere desire to co-operate with the Minister of Health in the creation of a proper health organization. Health experts should take a deep interest in the selection and inspection of food products and beverages, such as milk and alcoholic liquors.

Health is essential to the full enjoyment of life. In this connection we must resort to the great discoveries that ensure a better treatment of diseases. A notable invention which has been developed in this country is the use of insulin, discovered by Dr. Banting, of Toronto, who recently died in an unfortunate accident. His death has meant to us the loss of one of the most faithful, devoted and intelligent servants of Canada.

We all recognize that no health problem is more important to any nation than the question of child welfare.

In view of the development of industry, especially during the war that is now raging, I should perhaps make a few remarks upon industrial hygiene. That is one aspect of public health which, until the last few years, had been neglected on this continent. Since the passing of workmen's compensation laws, the heads of industrial plants must pay attention to industrial hygiene. Without any delay, technical and medical services were organized in the greater industrial centres for the study of problems connected with the health of workmen, emphasis being placed on prevention rather than cure. Thus is the science of industrial hygiene being gradually developed.

There is still much to be done in this field. All important industrial centres should have an industrial clinic or some organization that would ensure the desired security. In Canada the provinces of Ontario and Quebec are the only ones that maintain industrial hygiene services, and their development is not considerable as yet.

In industrial plants, increasing concern is taken about the health of each workman. It is imperative that well-defined rules should be laid down in connection with lighting, ventilation, and industrial hazards.

In health matters, administrative efficiency is highly important. The staff must be specially trained in health methods. Work in the field of public health is becoming increasingly important.

Success can be achieved only through the co-operation of the Dominion and the provinces, and such co-operation I shall never cease to urge upon the Government.

On motion of Hon. Mr. King, the debate was adjourned.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first time:

Bill F2, an Act for the relief of Hortense Bienvenue.

Bill G2, an Act for the relief of Evelyn May Gray Ladouceur.

Bill H2, an Act for the relief of Marie Jeanne Germaine Grenier Legendre.

Bill I2, an Act for the relief of Marie Adeline Alice Miron Lefebvre.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Wednesday, April 2, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILLS

THIRD READING

Hon. Mr. HAIG moved the third reading of Bill D2, an Act respecting the Wawanesa Mutual Insurance Company.

The motion was agreed to, and the Bill was read the third time, and passed.

REPORT OF COMMITTEE

Hon. Mr. BLACK, Chairman of the Standing Committee on Banking and Commerce, presented the report of the Committee on Bill A2, an Act respecting the Ontario and Minnesota Power Company Limited, and moved concurrence therein.

He said: In submitting this report I may say there is one amendment of consequence. It is the insertion in the Bill of a new clause

2, the purport of which is simply to bring the company under the provisions of the Electricity and Fluid Exportation Act.

The motion was agreed to.

THIRD READING

The Hon. the SPEAKER: When shall Bill A2 be read a third time?

Hon. Mr. HAYDEN: With the leave of the Senate, I would move the third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

THIRD READING

Hon. Mr. FARRIS moved the third reading of Bill B2, an Act respecting British Columbia Telephone Company.

Hon. JAMES MURDOCK: Honourable senators, a few nights ago I listened on the radio to Lord Halifax, who was speaking to the Pilgrims in New York, and in his speech he set forth what in his view were some of the objectives for which we and the British Empire, as democratic peoples, are fighting in this war, and towards which we shall continue to work when the war is ended. I have since heard that the Prime Minister of Great Britain had acquiesced in these views expressed by Lord Halifax. It seems to me that the Bill now before us for third reading might very well be considered in respect to the proposal to give the ordinary people of our democratic world a squarer deal, possibly, in the future than they have had, it may be, in the past. I believe absolutely that labour is worthy of its hire, and that a business man is entitled to reasonable compensation for his business ability and activity. But what is proposed by this particular Bill? A public utility company, the British Columbia Telephone Company, capitalized at \$10,000,000, has for the last twenty years or more, with a few exceptions, paid 8 per cent to its common stockholders and 6 per cent to its preferred stockholders. It is now proposed to increase the capital stock from \$10,000,000 to \$20,000,000. When this morning the manager was asked if the expectation was to pay 8 per cent and 6 per cent, respectively, on the higher capitalization, he answered that they hoped to do so.

Now, I am not a financial expert, and there is much I do not know about finance, but I have been wondering whether in the last twenty years 6 per cent might not have been reasonable compensation to the common stockholder, and whether, if the extra 2 per cent on \$10,000,000 had been set aside during that period as a reserve, it would not have obviated the necessity of now increasing the capital stock to \$20,000,000.

Who is paying this money? The charwoman, the labourer, the bricklayer, the railroad man, yes, and others in British Columbia who may be rather better able to pay.

In my judgment such a proposal as this is surely one of the things which in the view of Lord Halifax and Winston Churchill should be corrected, and I hope they will be corrected in the coming years, when we get a more reasonable application of those democratic principles for which the blood of thousands of British subjects has been shed, or will be shed in the months and years to come.

It seems to me that this Bill should not have been approved. I admit that I did not say so before the committee this morning. I think it is simply an injustice upon the ordinary people of British Columbia, who have to pay the rates in connection with this public utility.

The motion was agreed to, and the Bill was read the third time, and passed.

THIRD READING

Hon. Mr. HAYDEN moved the third reading of Bill C, an Act to incorporate the Ukrainian Catholic Mission of the Most Holy Redeemer.

The motion was agreed to, and the Bill was read the third time, and passed.

NAVAL AND CARGO SHIP CONSTRUCTION—BRITISH PURCHASES OF WAR MATERIAL IN CANADA

DISCUSSION

Hon. C. C. BALLANTYNE rose in accordance with the following notice:

That he will direct the attention of the Government to the construction of naval and cargo ships in Canada, and the British capital invested in Canada in war material.

He said: Honourable senators, when this war broke out, I, like all other good Canadians in Parliament and outside of it, decided to do everything I possibly could in my humble way to support the efforts of the Government. Many of these efforts have been most commendable, but others I do not look upon so favourably. We are living under a democratic system, with a free Parliament; therefore I shall have opportunity to speak to you a little later about this Government's programme of shipbuilding, not only for the British Government, but also for Canada, and to make reference to the Naval Service.

Since war broke out I have not criticized the Government in any way, either in this House or outside. I was amazed, therefore, and disappointed, to read a condemnation of the shipbuilding programme of the Union Gov-

Hon. Mr. MURDOCK.

ernment, which was pronounced by the Minister, Hon. Mr. Howe, when he was speaking on the present shipbuilding programme in another place. I say without fear of contradiction that his allegations against the shipbuilding programme of the Union Government are not only unfounded and unfair, but totally inaccurate. I shall quote from the Minister's statement.

Hon. Mr. DANDURAND: Made on what date?

Hon. Mr. BALLANTYNE: About a week ago. I have not the exact date. He said:

My reason for making that statement about ships built in the last war is that those ships have a very small carrying capacity. It has never been found possible to operate them with an even break in expenses.

He said further:

We are hopeful that we can get out some additional capacity, but I am perfectly certain that it must be done in an orderly way. We had an example in the last war of the Government rushing in late in the third year of the war with a shipbuilding programme, which was put out helter-skelter. Almost any sort of plant that would undertake a job, or accept Government assistance, took a contract. The result was that they got some very badly and uneconomically built boats.

We have heard a great deal from the Government, and properly so, about the desirability of unity in this country, and I am astonished that a war Minister, weighted down with two portfolios when one would satisfy the average man, should go back over a quarter of a century to delve into the records of the Union Government and make so many allegations which, as I have just said, are most unfair.

In order to prove that there was nothing helter-skelter about the programme, may I be permitted to place before this honourable Chamber the steps that the Government took at that time with great deliberation and care. Honourable senators will recall that in 1917 the war was at its most critical stage. Unrestricted submarine warfare had been launched by the Germans in its full fury, and England, for the first time in the many wars she had engaged in, had to combat submarine warfare on an enormous scale. The loss of British tonnage was certainly appalling. The loss in this war has been great, but is nothing compared to the loss in the last war. The battle of the Atlantic went on in 1917 just as it is going on now, and the call of the British Government was for ships, ships, and more ships. It is true that at that time the Imperial Munitions Board were building ships here for Great Britain in a limited way. I

say "in a limited way," because they could place orders only when the berths in the various Canadian shipyards became vacant.

The question of shipbuilding was under review by the Union Government on more than one occasion, and after it had been considered in every aspect, the Government of that day, wisely, I think, decided to throw its full effort behind a greater and more speedy shipbuilding programme than the one which was being carried on by the Imperial Munitions Board. The first thing the Government did after coming to that conclusion was to instruct me to bring a programme before Parliament. Honourable gentlemen on the other side seem to have a dimmer view of the supremacy of Parliament now than they had in those days, and I doubt very much that their proposed shipbuilding programme will come before Parliament. In any event it fell to my lot to present our programme to Parliament, and I am happy to say, as I have said on many previous occasions, it received unanimous approval, including the approval of the late Hon. W. S. Fielding and the late Hon. Rodolphe Lemieux, who rose in their places in the House and congratulated the Government on its shipbuilding programme.

After obtaining the approval of the Government and of Parliament, what was the next step? I called into my office that very wise and able Deputy Minister, Mr. Alex. Johnson—and here I want to say that for the successful carrying out of that shipbuilding programme in all its various phases full credit is due to him, and very little to me. I also had the assistance of an able naval architect, the late Mr. Duguid. We laid down certain principles at that meeting, namely: (1) that the ships were to be of British design; (2) that the specifications were to be British; and (3) that the ships were to be built on the basis of a fixed price per ton. In this connection I would recommend to the present Minister, although I do not suppose he wants any advice from me, or is likely to take it, that he place his orders for ships on the basis of a fixed price per ton. Our neighbours to the south, who were carrying out a much larger steel shipbuilding plan than we were, built on a cost-plus basis, the result being that their cost was \$50 per ton more than ours and their ships were not as well built. If I had the responsibility now, I would not place orders on a fee basis either.

The next step my department took in this "helter-skelter" programme, as the Minister is pleased to call it, was to notify all shipbuilders in Canada that the Government had complete

control of their berths and that they must not take orders except from the Dominion Government.

Then we made another quick move, and placed an order for ships' plates in the United States at a most favourable price. The greatest difficulty was being experienced at that time in placing orders for ships' plates. To such an extent was this so that my department had to keep a man in Pittsburgh, and another in Philadelphia, to use their best endeavours to get as great a supply of ships' plates as possible.

I have now traced our initial procedure step by step. The Minister says his system is going to be an orderly one. I wonder how he would define the system I have just described other than as an orderly one. He seems to think it was not; and when he states, as I have just read, that orders were placed with every shipyard under a Government subsidy, whether those shipyards were equipped for turning out ships or not, I desire to say that the Government never paid out one dollar in subsidy.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. BALLANTYNE: Furthermore, Mr. Howe says that our ships were too small. Let us examine into that. At Halifax two ships were built, each of 10,500 tons dead weight carrying capacity, with three decks, and having a sea speed of thirteen knots. They were steered by steam, telemotor and hand. As to our cargo ships, Canada spent more money on her ships than is generally spent, and I can say without boasting that they were the finest ever built. The sailors had better quarters than usual, and the kitchen arrangements were excellent.

In addition to the two ships of 10,500 tons which I have mentioned, we built twenty-four ships, 'tween decks, each with a dead weight tonnage carrying capacity of 8,450 tons and a sea speed of eleven and a half knots. These ships were built at Point Levis, Montreal, Victoria and Prince Rupert. We built at Three Rivers two more ships of 5,500 tons each. Therefore the country had, as you will note from the particulars I am giving you, twenty-eight finely built ships, all of them large, notwithstanding the fact that the Minister said they were small ships and were badly built. In addition to these large ships, several ships of 3,750 tons dead weight were built on the Great Lakes. They could not be of a larger tonnage, as they had to conform to the canal draught of fourteen feet. I do not claim that these were economical ships for trans-ocean service, but they were all right for coastwise trade.

When the Minister made that statement he not only criticized the Union Government, but he slapped the shipbuilders who constructed those fine ships, and the workmen who laboured so skilfully in turning them out. I never received a single complaint against those ships, and I challenge the Minister to produce a single complaint that he or anybody else ever received that would justify him in saying they were badly built.

I read what the Minister has to say from time to time about shipbuilding, and I notice he states there is a great scarcity of skilled labour. The Minister operates in a way that is different from that of most Ministers of the Crown, and entirely different from the way I operated. I believe that when such problems come to his department the Minister ought to keep them within the department, where, as in all Government departments, there are efficient civil servants. The Minister takes a different view, and he has appointed innumerable committees. I am not criticizing him for doing so if he thinks that is advisable. He has appointed as ship controller a Mr. Carswell, who at the present time is travelling from Halifax to Vancouver to see what information he can gather that would justify the Canadian Government in proceeding with a vigorous policy of building British ships and possibly ships under Canadian registry. How the Minister can afford to lose a day or even an hour in these critical times, I cannot understand. In my opinion it would be better to call the shipbuilders of Canada to his office and say to them, "Gentlemen, this is the type of ship that we want built, and we want delivery made as quickly as possible." Then the orders should be placed with these people, and they should be told, as we told them, "The department is behind you to the fullest extent and will give you every possible support." I do not know what has been done, and when the honourable leader of this House (Hon. Mr. Dandurand) replies to me, as he may do to-day or later, I wish he would tell this Chamber whether any of the eighteen British ships of 9,000 tons have been ordered or not, and, if so, when delivery may be expected. I should also like him to tell us when it is intended to make a start on the building of ships under Canadian registry.

The Minister contradicts himself. He says that ships of 10,000 and 8,000 tons are so small they have not proved economical. Yet the honourable leader told us last week, from his place in this House, that if Canadian ships were built the tonnage would be 4,800 tons. I do not claim to be an expert, but from knowledge that I had during the last war and from information gained from shipping

Hon. Mr. BALLANTYNE.

people, I should consider a ship of that size altogether too small. The proper type of ship to be built, from an economical point of view, is one of either 10,000 tons or 8,000 tons. When we launched our shipbuilding programme, none of the Canadian yards had ever built steel ships as large as 8,000 or 10,000 tons. But now they have that experience. As I have already stated, they performed their task admirably during the last war and built fine ships. Well, they certainly could do so again, and I for one do not see any reason for delay in getting on with the work. Why not place orders with these shipbuilders and tell them to go right ahead? What are our American friends doing? They have got an order from the British Government for 450 cargo ships, of the fabricated type. The American Government is saying to United States shipbuilders, "We want these ships built just as speedily as possible, and if you finish them within the time specified the Government will pay you not only the agreed price, but a bonus as well." Why cannot we in this country act quickly? Why have not orders already been placed, and why are not more being placed? Surely the urgency exists.

I do not want to spend too much time on the subject of shipbuilding. After referring to one more point, I will pass on. Honourable senators will recall that in 1936 the Minister decided to sell Canada's largest and best ships. Personally I think he made, not a sale, but a gift. The price was \$5 a ton. There was read here, by the honourable leader of this House, the memorandum which was prepared for the purpose of supporting the Minister's action. The prospective purchasers said, in effect: "These are old ships, obsolete ships. If we buy them they will be sent immediately to the scrap heap, and that will be the end of them. So we cannot afford to give you even \$5 a ton for them"—although the larger ones cost \$2,000,000—"unless you give us the Australian route." That was the route which the Canadian National Steamships people had worked up for sixteen years, until it reached a profitable business, as shown by Mr. Hungerford's estimate of annual net profits of \$700,000.

After those ships were sold I made up my mind to try to find out what really happened to them. It was a difficult task, but at last I got a letter giving me some information. I cannot state where the letter came from, nor who wrote it, but this is the way it reads:

The following six steamers were purchased by the combined interests of the following firms: Ellerman and Bucknall Steamship Company, Commonwealth and Dominion Line, The Federal Steam Navigation Company, London.

The three larger ones, 10,000 ton dead weight carrying capacity, and the other three, 8,450;

two of these were coal burners and four oil burners, and all of them have now been sold, the last one being the "Canadian Cruiser."

Honourable senators will remember reading in the newspapers some time ago that this ship had been sunk, in the Indian Ocean, I think, by the Germans. She certainly was not under Canadian nor British registry. While I know the flag under which she was flying, it would not be wise for me to reveal it. The letter goes on:

The price paid for these steamers was very low, especially as it included the trade as well, which proved to be very profitable for the companies involved. In addition to this the steamers were sold for considerably more money than was paid for them, from 50 to 100 per cent more. My own opinion, which you can take for what it is worth, is that the Canadian Government should never have sold these ships and the trade at such a ridiculous low figure.

Well, the steamers are gone. A question about their sale was raised in another place, and the opinion was expressed that it would have been better if they had not been sold. In reply the Minister said he thought he had done a very good job, and he was glad he did not have that type of ship now, notwithstanding the great need for ships.

I come now to the proposal to build ships under Canadian registry. In the official records I read that the Government was going to build destroyers in this country. I was astonished at that. A destroyer costs at least \$5,000,000 and takes more than two years to build. Canada is not adapted for the building of destroyers. We have not the necessary 4.7 inch guns, nor the anti-aircraft guns, nor the special type of marine engines. The great need of the hour is for cargo ships. A cargo ship of large size can be constructed and launched within from eight to nine months; and the Government could have three or four of these vessels constructed for the cost of a single destroyer. I should like to suggest to the Government that it give up the idea of trying to build destroyers here and concentrate on cargo ships.

Speaking on the subject of destroyers, I want to say that no man is prouder than I am of the Canadian Navy. I have always had an intense interest in our Navy, from the time when Sir Wilfrid Laurier first made provision for it on the Statute Book, which I think was back in 1910. When our officers and ratings have passed through naval colleges and completed their training, they are second to none. I was gratified indeed on two visits that I made to the Old Country, one during the last war and the other afterwards, to hear the Sea Lords speak in such high terms of the efficiency of our Canadian naval officers and men. But I do not know why our Government does not give due credit to the Royal

Navy for the convoy work it is doing at present. It is fair to say that since the war broke out not a troopship nor a convoy could have left a Canadian port without the protection of the British Navy and, while France was an ally, the French Navy. Their largest battleships and cruisers have escorted our ships across the ocean. The other day the Minister eulogized the Canadian Navy, stating that over 3,000 ships, of a total tonnage of 23,000,000 tons, had been convoyed across the Atlantic by the Canadian Navy. I am sorry the Minister did not say that this was done with the co-operation of the Royal Navy. It is well known that destroyers and aircraft accompany convoys only part of the way from this country, and that then larger ships of the Royal Navy pick up the convoys and conduct them across to the point on the other side where they are met by destroyers again.

Hon. Mr. DANDURAND: Will my honourable friend allow me? I have followed fairly closely all that has been said about the escorting of convoys, and this is the first time that I have heard it said that credit has been given to the Royal Canadian Navy exclusively for this fine work. I always thought the fact was, as my honourable friend has just stated, that the Royal Canadian Navy convoys go only part of the distance across.

Hon. Mr. BALLANTYNE: I am glad the opinion of the honourable leader opposite agrees with mine.

I desire to touch on only one more subject. Since the war broke out more than \$300,000,000 of British capital has been expended in this country. We are delighted to have it. In the voluminous reports which the Press Bureau sends us from time to time I notice that when a list of contracts is given, though they may be British contracts involving millions of dollars of expenditure, the only designation is "Government." The average man on the street may infer that this is really Canadian expenditure. Why does the Bureau not indicate that certain contracts are of British origin by placing opposite them the initials G.B. or U.K., for Great Britain or the United Kingdom? I would suggest to my honourable friend that, if he has any influence with the Press Bureau, he prevail upon its officials to show in its list of contracts those that are Canadian and, in all fairness, also specify those that are British.

Last night we heard the honourable leader opposite state that the Canadian Government had suffered many delays in the handling of contracts through not getting information from the British Government. Some of the delays might be due to changes in design of

tanks or aircraft or to failure to supply blueprints. These changes are not to be wondered at, because after the battle of France the British Government no doubt found it necessary to alter its specifications for tanks and probably also for aircraft. But I do not think it is at all wise for us to raise questions of delay and criticize our senior partner in the Commonwealth of Nations. I do not know whether the honourable leader opposite is aware of the fact that the Canadian Government has at times seriously delayed the placing of contracts here by the British Government. Occasionally the delay has extended into months, when it should have been cut down to days or weeks. I have chapter and verse for this, but I refrain from going into details, since it is not wise to do so while a war is on. Let me add that though we may criticize the British Government for delaying us, I have never heard of any member of the British Government complaining in the Imperial Parliament of delays in the placing of contracts here because of want of prompt action by the Canadian Government.

Hon. Mr. DANDURAND: Honourable senators, it will be my duty to draw the attention of the Minister of Munitions and Supply to my honourable friend's statement. I hope to obtain for my honourable friend information from the Minister covering the points dealt with.

MEAT AND CANNED FOODS BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 14, an Act to amend the Meat and Canned Foods Act (Fish and Shellfish).

He said: Yesterday when this Bill was before the House my right honourable friend opposite (Right Hon. Mr. Meighen) suggested that third reading should be postponed until to-day in case the honourable senator from Lunenburg might be present and desire to discuss the amendments.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: I am ready to deal with the Bill in detail, but if my right honourable friend has read what took place in the other House and is satisfied, the motion for third reading may proceed.

Right Hon. Mr. MEIGHEN: I read it and am satisfied.

The motion was agreed to, and the Bill was read the third time, and passed.

Hon. Mr. BALLANTYNE.

DIVORCE BILLS

THIRD READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were read the third time, and passed, on division:

Bill D, an Act for the relief of John Hubert Fox.

Bill E, an Act for the relief of Dorothy Jean Fletcher.

Bill F, an Act for the relief of Lillian Bald Ellison.

Bill G, an Act for the relief of Clavell Filliter Stroud.

Bill H, an Act for the relief of Mary Marion Grey McKay.

Bill I, an Act for the relief of Frances Goldberg Joseph.

Bill K, an Act for the relief of Marguerite Marie Rita Duchesneau Goulet.

Bill L, an Act for the relief of Edna Irene Yertaw.

Bill N, an Act for the relief of Marion Cameron MacLaurin Nelson.

Bill P, an Act for the relief of Kenneth Grier Thornton.

Bill R, an Act for the relief of Annie Elizabeth Cunningham Wheatley.

Bill S, an Act for the relief of Dorothy Theresa Downard Street.

Bill T, an Act for the relief of John Greig.

Bill U, an Act for the relief of Lloyd Charles Edward Francis Fulford.

Bill V, an Act for the relief of Joseph Gaston Yvano René Dupuis.

Bill W, an Act for the relief of Audrey Alexine Stephenson Smyth.

Bill X, an Act for the relief of Lillian Shapiro Denenberg.

Bill Y, an Act for the relief of David Rainville.

PRECIOUS METALS MARKING BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 12, an Act to amend the Precious Metals Marking Act.

He said: This Bill contains some technical amendments to the Act, which have been suggested for the protection of the consuming public. I believe it is safe to say that, generally speaking, the buying public knows less about articles over which the Precious Metals Marking Act has jurisdiction than it does about anything else purchased. Hence there is necessity for protection and guidance. These amendments offer that protection.

The first amendment affects bracelet watch cases, but only to the extent that it removes the necessity for soldering a sheet of gold on the inside of the back of a gold-filled bracelet watch case.

The second amendment deals with the establishment of a new standard for gold-filled eyeglass wares, and protection for the public as to the quality of the content of the article.

I may add that the amendments have the entire approval of the following provincial associations: British Columbia Optometric Association, Alberta Optometric Association Inc., Saskatchewan Optometric Association, Manitoba Optometric Society, the Optometrical Association of Ontario, Association of Optometrists and Opticians of the Province of Quebec, New Brunswick Optometrical Society and Nova Scotia Optometrical Association.

Right Hon. ARTHUR MEIGHEN: From my study of the measure, which is obviously of minor importance, I find it has but one purpose, namely, to protect the public in respect of representations appearing on articles of jewellery, especially watches, as to their composition, it being impossible for any person by mere physical examination to know whether or not those representations can be relied on. Custom in watches has changed, except with some of us more old-fashioned people. Wrist watches have taken the place of pocket watches. Consequently the verbiage of the Act does not apply so accurately as it did. I think I apprehend the purpose of the Bill. It is mainly to remodel the Act in certain particulars to make it apply and have real meaning as respects wrist watches, whereas the old Act applied mainly to pocket watches.

Hon. Mr. DANDURAND: Yes, and to cover the present situation.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: With leave of the Senate, now.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

NATIONAL RAILWAYS AUDITORS BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 13, an Act respecting the appointment of Auditors for National Railways.

He said: Honourable senators, this is a Bill which, according to law, must come to Parliament annually. It provides for the appointment of auditors under the Canadian National-Canadian Pacific Act of 1933. The Minister who brought down the Bill was asked if the auditors were the same as last year, and if they were operating under the same conditions. His answer was that the auditors were the same and that the compensation also was the same. I believe the Bill is exactly the same as the Bill of last year. The compensation is \$50,000, and I believe that a small fee is added to cover subsidiary companies such as the Canadian National Steamships and the Trans-Canada Air Lines. This is the information given in another place. I move second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have been rather struck by the amount of the auditors' fee, \$50,000 for the Canadian National Railways alone. The leader of the House has said there are additional fees for subsidiaries. Well, there is an endless family of subsidiaries, a family bigger than any other in Canada. I should like to know what the total cost is going to be, and whether any effort is being made to bring it within less startling limits. I had rather thought we might hear from the honourable senator from Parkdale (Hon. Mr. Murdock) on the subject.

Hon. Mr. DANDURAND: I am under the impression that the Bill has gone through in past years as a matter of course, and I think that we, who do not have to deal with such an immense amount of book-keeping and accounting as is represented in our Canadian National railway system, should not be surprised at the figure named, because it would be in payment of the services of a large staff who, in superintending this whole system, carry on from January to December.

Right Hon. Mr. MEIGHEN: One should not speak dogmatically unless one knows, but I have no doubt that the Canadian National Railways have a very thorough internal audit system. If they have not, they should have. With such an audit system the duties of the supervisory auditors, Touche and Company, should not be so very onerous, although they do involve responsibility. I should be sur-

prised if the number of auditors employed in the internal audit were not greater than the number appointed by Parliament. I think the House is entitled to full information. I have nothing against this firm, which is an excellent one and has been in existence for a very long time, but it would seem to me that if there is a thorough internal audit this other audit may be more or less routine.

Hon. Mr. DANDURAND: I shall draw the remarks of my right honourable friend to the attention of the Minister, along with the suggestion that the special or standing committee of the House of Commons on the finances of the Canadian National Railways should examine into that feature.

Right Hon. Mr. MEIGHEN: Are you sure it is even standing?

Hon. Mr. DANDURAND: I am sure we have heard an echo of what it has been doing. I am quite sure also that members of Parliament, who represent the shareholders of the Canadian National railway system, could very well ask for a report on the work being done.

Hon. W. D. EULER: Honourable senators, I have always taken a good deal of interest in the Canadian National Railways, having been at one time chairman of the committee on that subject. I should agree with the right honourable gentleman that \$50,000, taken by itself, is a considerable sum. But, after all, everything is relative, and I should think that if the right honourable gentleman were to compare the \$50,000, in relation to the total business of the Canadian National railway system, with the cost of auditing in relation to the total business of some smaller system, he would find that the amount to be paid in this case is not too large. Fifty thousand dollars, after all, will pay for only a comparatively small staff of experts, and experts are required to do the work. No doubt the Canadian National Railways have an efficient internal audit, and I should be very much surprised if it did not cost more than \$50,000. In any event, what the people want is an entirely independent audit conducted by auditors who are not under the control of the Canadian National Railways, as any internal auditors must be. I am confident that the audit has never cost less than \$50,000.

Right Hon. Mr. MEIGHEN: It is increased now.

Hon. Mr. EULER: Is there an increase?

Hon. Mr. DANDURAND: The Minister indicates that there may be a small fee added—

Right Hon. Mr. MEIGHEN.

Right Hon. Mr. MEIGHEN: For subsidiaries.

Hon. Mr. DANDURAND: —for audits of other companies.

Hon. Mr. EULER: I apprehend that that was always so. I imagine the \$50,000 was appropriated for the Canadian National Railways as such, and that the others would be separate.

Hon. Mr. DANDURAND: There are the Canadian National Steamships and the Trans-Canada Air Lines.

Hon. Mr. EULER: The steamships would be separate. The auditors now appointed have not always been in charge of the audit.

Right Hon. Mr. MEIGHEN: They have been for quite a while.

Hon. Mr. DANDURAND: Under another Government their services were discontinued and those of another firm were utilized. I do not think there has ever been any change in the remuneration.

Hon. Mr. EULER: The point I want to make is that while the figure itself is large, it is relative, and when you consider the enormosity, if I may use that word, of the business done by the Canadian National Railways, I think you will agree that it is worth \$50,000 to the people of Canada to know that there is an independent audit.

Right Hon. Mr. MEIGHEN: I quite agree that we must have it, even if it costs so much.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

TRANS-CANADA AIR LINES BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 26, an Act to amend the Trans-Canada Air Lines Act, 1937.

He said: Honourable senators, the short explanatory note on this Bill says:

The object of the Bill is to extend for a further period from the 31st December, 1940, to the 31st March, 1942, the initial period during which the rate or rates for the transport of mails shall be fixed by the terms of the contract made between His Majesty the King, represented therein by the Postmaster General, and the Corporation.

The Bill also provides for changing the current year, as defined in the said Act, in respect of which the rate or rates for the transport of mails is to be fixed at the expiry of the initial period, from the calendar year to the Government fiscal year ending the 31st March.

Here is a more extended explanation by the Minister:

The Bill has the effect of further extending the date after which the rates for the carriage of mail by Trans-Canada Air Lines will be fixed automatically by the financial results of the preceding year. Our difficulty in applying the automatic feature is that the traffic is growing very rapidly on Trans-Canada Air Lines, and the mileage operated is growing to meet the requirements of the traffic.

In the year ending December 31, 1940, about 5,000,000 miles were operated by Trans-Canada Air Lines, and the plans for the fiscal year 1941-42 call for the operation of well over 7,500,000 miles, or more than 50 per cent increase in the mileage flown. Of course the greater mileage and the increasing traffic increase the operating profits of the company. Based on the operating results of last year, the automatic feature of the Bill would fix a rate of fifty-three cents a mile for the mail rate for 1940-41. We feel, however, that in view of the increased mileage and the steady increase in business on the line we can do rather better than that for the Post Office, and the objective will be to fix a rate of not fifty-three cents a mile, but forty cents a mile, as the basic mail rate, which is a reduction of course from sixty cents a mile to forty cents.

Last year the earnings of the Air Lines, after all write-offs and interest on investment, was something over \$500,000. This year it is anticipated that the earnings from air mail based on the increased mileage and the 40-cent rate will be \$3,153,000. The passenger revenue will be \$2,170,000. Miscellaneous revenue, comprised chiefly of express, will amount to \$250,000, giving a total gross revenue of \$5,573,500. Operating expenses are anticipated to be \$5,315,477, giving an operating income of \$258,023, less interest on capital, and other income charges of \$197,500. That leaves us with an estimated surplus of \$60,523.

The question is asked, "After depreciation?" and the Minister replies: "Yes; depreciation is an operating charge." Then he is asked what it is figured at, and he continues:

At 25 per cent of the value of the aeroplanes, engines and flying equipment; I believe the rate is 10 per cent on the buildings. I might say that throughout the period of the operation of Trans-Canada Air Lines we have had a steady increase in the poundage of mail carried, subject to seasonal variations. Over an average period the increase in the amount of mail carried has been at the rate of 4 per cent per month, a very steady increase. Anticipating that this increase will continue throughout the fiscal year 1941-42, we have reached the point where the Post Office will almost break even on revenue as against expense, counting four cents of the six cents charged for air mail as revenue to the air mail, and two cents as the cost of the Post Office for the collection and distribution of the mail. A very slight increase in mail beyond the normal increase will balance the

books, and we anticipate that in the following fiscal year the Post Office will make a profit on the sale of air mail stamps.

Then there is the question, "On the basis of forty cents?" and the Minister continues:

Yes. We have also brought the cost of carrying air mail down to about the level that is current in the United States. I may say that this is something of a freak, because our equipment costs us about 50 per cent more than similar equipment in the United States, since we pay duty, sales tax and all other charges on the equipment when we bring it into Canada. Also we are charged higher rates for gasoline than are paid by air lines in the United States.

For purposes of comparison, the mail rate on the Trans-Continental and Western Air Line, from New York to Los Angeles, via Chicago, is forty cents a mile; on the Canadian Colonial Airways, from New York to Montreal, forty cents per mile; on Northeast Airlines, from Boston to Caribou, Maine, thirty-six cents per mile; and on Northwestern Airways, Minneapolis to Winnipeg, thirty-seven cents per mile. Therefore, while passing through the development period, in the brief time Trans-Canada has been in operation we have succeeded in getting the mail rate down to a comparable basis with similar services in the United States. We have succeeded in building up a volume of mail much more quickly than had ever been anticipated. When we started the line we anticipated that five years must elapse before the Post Office could break even on its operations, but we are on the point of achieving that in about three years' operation, and we shall have at the end of the year a service that, I think, will be adequate for the business of Canada. Of course, this will always be an expanding service, but at the end of this expansion the changes will be more normal and the automatic feature of the Act will then operate quite properly.

This Bill makes one other change in the situation. The fiscal year of Trans-Canada Air Lines is the calendar year, and formerly it was provided that any change in rates would take place on January 1, but there were operating difficulties in getting the data to fix the new rate on January 1. It usually takes from one month to six weeks to close the books of Trans-Canada, and there was also the difficulty of the Post Office budgeting for a fiscal year when there might be a change in the rate in the last three months of the fiscal year. Therefore, the Bill provides that hereafter the rate established under the automatic feature for the carriage of mail shall extend from March 31 in one year to March 31 in the following year.

Right Hon. ARTHUR MEIGHEN: Honourable members, there is one feature of the balance sheet which I did not catch, if the honourable leader of the House mentioned it at all. In the calculation for the profit and loss statement, what rate of interest was charged on the capital which the country has invested in this company?

Hon. Mr. DANDURAND: The amount of interest is stated here, but I should need to know the capital to compute the rate.

Right Hon. Mr. MEIGHEN: What is the amount of interest?

Hon. Mr. DANDURAND: The Minister said:

Operating expenses are anticipated to be \$5,315,477, giving an operating income of \$258,032, less interest on capital, and other income charges, of \$197,500. That leaves us with an estimated surplus of \$60,523.

The interest would be less than \$197,500, since other income charges are included in that.

Right Hon. Mr. MEIGHEN: The rate is not stated there at all, and everything depends on that. Without it, the figures mean nothing.

Hon. Mr. DANDURAND: I know it is not more than 5 per cent.

Right Hon. Mr. MEIGHEN: Even the amount of interest is not given separately; it is lumped in with something else.

Hon. Mr. DANDURAND: Yes. The amount is less than \$197,500.

Right Hon. Mr. MEIGHEN: The fairness of the statement depends entirely upon the rate charged upon the capital.

Hon. Mr. DANDURAND: I can have the rate ascertained for my right honourable friend.

Right Hon. Mr. MEIGHEN: As shown by the statement read, the small operating profit is at the expense of the Post Office Department. So far, Trans-Canada Air Lines have been subsidized by the Post Office Department, instead of directly out of the Treasury, and the subsidies have been heavy. Suppose business does increase and the rate is reduced to 40 cents, we should not imagine that we are making money out of this venture, for the business is taken away from some other enterprise, in which we are just as vitally interested. The business is taken away from our railways, which we have to subsidize year after year. Just wait until the war business is over, and then you will know what that means. We are subsidizing two companies, each competing with the other.

Hon. Mr. DANDURAND: But if the mails were carried by a private company the Post Office Department would be charged a certain amount, the company's dividend would not accrue to the Government, and the railway would have to face the competition just as now.

Right Hon. Mr. MEIGHEN: If you imagine that these air lines will ever be a commercial success, even independently of railway losses arising from competition, your optimism is something deserving the admiration of humanity. They never will be.

Hon. Mr. DANDURAND.

Hon. Mr. DANDURAND: This is not my child.

Right Hon. Mr. MEIGHEN: All this air traffic is taken away from the railways.

Hon. Mr. KING: It would have gone to the United States, anyway.

Right Hon. Mr. MEIGHEN: A part of it, that is true.

Hon. Mr. KING: A great part of it.

Right Hon. Mr. MEIGHEN: And it would have been far more economical for Canada to have it done there.

Hon. Mr. KING: I am surprised to hear my right honourable friend say that.

Right Hon. Mr. MEIGHEN: There is a certain pride in having our own line, of course, but to say that it is a paying venture is not to look at it in a cold, matter-of-fact way. And the business that it gets is taken away from our other transportation enterprise, in which we have almost a 100 per cent interest.

Hon. Mr. EULER: But if the Government were not operating an air line, undoubtedly private air lines would be carrying the mails and other traffic; so the railways would suffer just the same. And you must make some concession to progress.

Right Hon. Mr. MEIGHEN: Yes. But I would let private lines do the business.

Hon. Mr. EULER: I am very glad to see that the rate charged to the Post Office Department is to be reduced, I think, to 40 cents.

Right Hon. Mr. MEIGHEN: That reduction has not been made yet, but hopes are high.

Hon. Mr. EULER: I happen to have been in the Post Office Department for almost a year, and I am free to say I rather felt that the rate fixed at that time gave Trans-Canada Air Lines a little advantage at the expense of the Post Office Department, and that in fact the department was carrying some of the deficit on the operation of the Air Lines. That was probably the case, but it was a matter of policy. It was thought wise to develop air mail facilities, and in one sense it did not matter what the rate was, because the amount charged against the Post Office Department went to the credit of the Air Lines, and both these institutions are Government owned. Nevertheless I shall be pleased if the rate is reduced to 40 cents, because I think this will be much closer to the actual cost of carrying the mail.

Hon. Mr. HAIG: Honourable members, I should like to ask the honourable leader what

provision is made in the balance sheet against planes that are wrecked. The Government, I understand, carries all its own insurance.

Hon. Mr. DANDURAND: I have not that information before me, and I shall have to ask for it.

Hon. Mr. MURDOCK: Would that not be charged to depreciation?

Hon. Mr. HAIG: I do not think so.

Hon. Mr. LITTLE: The depreciation figures for the year ended December 31, 1940, are \$595,723.68.

Hon. Mr. HAIG: I doubt if that includes the loss of machines.

Right Hon. Mr. MEIGHEN: I should assume that loss is covered in some insurance charge. Depreciation does not include loss.

Hon. Mr. HUGESSEN: There is an item of "self insurance reserve," \$206,827.24.

Hon. Mr. HAIG: A machine was lost not so long ago. How much did that one cost?

Hon. Mr. DANDURAND: I take it for granted that the honourable gentleman's question is directed to the Minister, and I shall endeavour to have an answer presented to the Senate.

Hon. Mr. HUGESSEN: The right honourable leader opposite (Right Hon. Mr. Meighen) asked what the rate of interest is on the capital invested. That, I think, is made clear in the annual report of Trans-Canada Air Lines. I observe that the capital investment represented by common stock issued amounts to \$3,750,000, and the amount of interest on capital invested, charged against the income account, is \$187,500. If my calculation is correct, that interest is at the rate of 5 per cent on invested capital, which seems to me fair enough.

Right Hon. Mr. MEIGHEN: My recollection is that the initial investment was \$5,000,000.

Hon. Mr. HUGESSEN: But only 75 per cent of the capital stock has been called.

Hon. Mr. EULER: The honourable gentleman from Winnipeg South-Centre (Hon. Mr. Haig) asked what was the cost of one of these aircraft. In the company's annual report I see listed under expenditures on property and equipment, "Purchase of six Lockheed Lode-star aircraft—complete, \$925,317." That averages a little over \$150,000 each.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

SEDLAK DIVORCE BILL

SECOND READING

On the Order:

Second reading of Bill J, an Act for the relief of Alice Weill Sedlak.—Hon. Mr. Robinson.

Hon. JAMES MURDOCK: I move that this Order stand until April 10.

Hon. Mr. HAIG: Does that refer to all the Orders for second reading of Divorce Bills, including No. 24?

Hon. Mr. MURDOCK: Order No. 24 comes next. I move that Order No. 23 stand until April 10.

Hon. Mr. HAIG: We are not sitting on April 10.

Hon. Mr. MURDOCK: I know; but the Bill will be before us when we do sit.

Hon. Mr. HAIG: Yes. I know the honourable gentleman has objection to this petition being granted. I may say quite candidly that I do not share his objection. When the facts are presented to honourable senators, I do not think they will support the honourable gentleman's motion. I believe it would be preferable to discuss the matter now and settle it, because no further evidence will be forthcoming between now and April 10.

Hon. Mr. MURDOCK: The Chairman of the Divorce Committee (Hon. Mr. Robinson) came to my office this morning and suggested I request that this Order stand, so that certain facts in relation to the case might in the meantime be submitted to the Department of Justice. Otherwise I should have been perfectly willing that we proceed with it. Honourable members may ask why the Department of Justice has to deal with the matter. I reply, because the petitioner is not a citizen of Canada, nor were any of the witnesses who appeared in support of her petition.

Hon. Mr. ASELTINE: I do not think there is any such person as a "citizen of Canada."

Hon. Mr. MURDOCK: All right; British subject, if you will have it so.

Hon. Mr. ASELTINE: One does not need to be a British subject to get a divorce by private bill, or judgment of a court.

Hon. Mr. MURDOCK: I have a letter from the Commissioner of Immigration in reply to an inquiry I addressed to him. The correspondence is in my office, and I will send for it. I should be quite willing to discuss the matter now, but the Chairman of the Divorce Committee, after consultation, decided that we should submit the case to the Department of Justice. Of course I acquiesced in that decision.

Hon. C. W. ROBINSON: May I explain, honourable senators, that I would not assume to say I had any right to submit this case to the Department of Justice. The Bill is based on a report of the Divorce Committee. Before I could take the course suggested I should have to get authority from the other members of the committee. So far as I am concerned, I would rather see the matter dealt with now.

Right Hon. Mr. MEIGHEN: What is the point to be submitted?

Hon. Mr. ROBINSON: The honourable senator from Parkdale (Hon. Mr. Murdock) says the petitioner is not a citizen of Canada.

Right Hon. Mr. MEIGHEN: And the question is, Have we a right to grant her a divorce?

Hon. Mr. ROBINSON: Yes.

Hon. Mr. MURDOCK: I did not expect this matter would come before us now. As I have said, my papers are in my office. However, I have just sent for them. When they are before me I shall be able to put the case before the Senate in a nutshell. Of course, I shall be willing to abide by the decision of honourable members, but I may say that I strenuously object to making the Senate Divorce Committee a Reno divorce mill—for that is exactly what we may be doing.

In this case we have a lady divorced in Austria, then married again in Vienna to a young man eight years her junior. They travelled together for a number of years and visited various cities in Europe, but eventually he tired of her, and she discovered he was hobnobbing with other ladies. This petitioner has a wealthy stepfather, residing in New York, a refugee from Czechoslovakia, a gentleman who has shown a disposition to advance this lady all the money she needed. The communication I received from the Commissioner of Immigration shows that she came into Canada last summer with \$20,000. Her brother—now living in Toronto—and his wife entered the country with \$100,000.

Hon. Mr. MURDOCK.

An Hon. SENATOR: No; \$200,000.

Hon. Mr. MURDOCK: I thought it was \$100,000. I can put the case in a nutshell by placing on Hansard my representations in the matter. In March I wrote the following letter to Mr. Blair:

Ottawa, Ontario,
March 19, 1941.

Mr. F. C. Blair,
Director of Immigration,
Department of Mines and Resources,
Ottawa, Ontario.

Dear Mr. Blair,—

I am enclosing herewith the record of a divorce case heard by our Divorce Committee, of which I am a member, the other day.

It is my judgment that this lady, Alice Weill Sedlak, was not a Canadian citizen at the time she made application for this divorce, and I doubt if, under your regulations, she is even now a Canadian citizen. The record discloses that Mrs. Sedlak was a divorced woman before she married Mr. Sedlak, and she evidently, in various countries of Europe, for a number of years supported Mr. Sedlak on money given to her by her stepfather, a wealthy individual who, I understand, is now with his wife, located in New York. It seems to me that we are going far afield if, under the circumstances of divorce cases before the Senate in Canada, we undertake to grant a divorce to someone coming from a foreign land, and not a citizen of Canada, who happens to have, or can secure, the substantial amount of money necessary to go through the form of petitioning for, securing witnesses for, and paying legal expenses for a divorce.

What I would be glad to have from you before the 25th, if consistent, is a statement indicating if this woman is a citizen of Canada, as I personally object to establishing the Senate Divorce Committee on the same basis as the Reno divorce mill.

Thanking you in advance for your advice, I remain

Yours sincerely,
James Murdock.

This is Mr. Blair's reply:

Ottawa, March 20, 1941.

Dear Mr. Murdock,—

I am in receipt of your letter of yesterday with enclosure, regarding the divorce application of Alice Weill Sedlak, whose Canadian status you would like to know.

Our information about Mrs. Alice Sedlak, who gave her name on arrival in Canada in September, 1939, as Alicia Doris Sedlak, dates from July, 1939, when Mr. Leopold Pilzer, then in New York, applied for the admission to Canada of certain relatives, including a stepson, Johannes Weill and a stepdaughter, Mrs. Alice Sedlak, both of whom were supposed to be fairly well-to-do. We were advised that Johannes Weill would have between \$100,000 and \$150,000 and Mrs. Sedlak would have approximately \$20,000.

Leopold Pilzer was described as a wealthy and well-known manufacturer of bentwood furniture and the principal in a firm founded in Vienna in 1830, with branches in various European countries, as well as the United States. It was supposed that Mr. Weill was interested in setting up a similar business in

Canada. We later learned that the source of Mr. Weill's wealth was Mr. Pilzer. We were told that Mrs. Sedlak had been separated from her husband and that a divorce was pending.

Mrs. Sedlak was granted temporary entry to Canada on the 15th September, 1939. Her \$20,000 was transferred to this country in the same month. The temporary immigration status granted to Mrs. Sedlak on the 15th September, 1939, was changed by Order in Council of the 31st January, 1940.

You ask whether Mrs. Sedlak is a Canadian citizen. The answer is that she is not. The term "Canadian citizen" is defined in the Immigration Act as meaning a British subject (a) born in Canada, or (b) born abroad and domiciled in Canada or (c) an alien naturalized in Canada. Mrs. Sedlak could not become a Canadian citizen without first becoming a British subject and since she had had no residence known to us, in any British country other than Canada, she will require to have five years British residence, as one of the qualifications for naturalization.

Mrs. Sedlak is now legally resident in this country and at the end of five years from the date of her landing, will acquire domicile and may make application for naturalization. She is now in process of acquiring domicile.

Yours very truly,

F. C. Blair,
Director.

Honourable James Murdock,
The Senate,
Ottawa, Ontario.

I would direct the attention of honourable members to this letter. I may add that I shall not be greatly offended if you decide that we are to go into this kind of business, but I think it will be a mistake, for the reason that if this lady had been the daughter or the wife of a brakeman, a labourer or a mechanic, she would not have got very far.

Hon. Mr. LITTLE: Bunk.

Hon. Mr. MURDOCK: No, it is not bunk.

Hon. Mr. LITTLE: Yes, it is buncombe.

Hon. Mr. MURDOCK: Besides, she would not have had the wherewithal to get the legal advice and assistance that she secured. The evidence before the committee is that the husband never was in Canada. He and a woman who was not his wife booked passage from Lisbon to Rio de Janeiro as Count and Countess Sedlak. A couple of witnesses from New York said they were on the same boat and were introduced to the self-styled Count and Countess Sedlak. All I am interested in is having honourable members—most if not all of whom are more capable of passing judgment on such a question than I am—say whether we want to go into this kind of thing or not. I shall be satisfied with your decision.

Hon. Mr. ROBINSON: Honourable members, as chairman of the committee, I would point out that we act as judges in disposing of the petitions which come before us. In this

instance I think the honourable gentleman's contention that if this divorce were granted the Divorce Committee would degenerate into a Reno divorce mill cannot be sustained.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. ROBINSON: The petitioner is at present a bona fide resident of Canada and is in process of securing naturalization. I do not suppose she could go back to Czechoslovakia, and I doubt whether she would be admitted into the United States. In a word, she is a refugee. The committee thought it was only fair to treat her petition on its merits.

An Hon. SENATOR: Quite right.

Hon. Mr. ROBINSON: As the honourable senator from Parkdale (Hon. Mr. Murdock) is aware, the evidence in support is convincing. So far as I am concerned, I shall support the committee's recommendation.

Hon. W. D. EULER: Is it contended that divorces should be refused on the ground that the petitioner is not a British subject? I think we ought to establish a principle. If you desire to refuse the divorce on the ground that there has been collusion and so forth, all right, decide the case on its merits. But I should not like to refuse the petitioner relief in view of the fact that she must wait for five years before becoming a British subject, though she may have very good grounds for a divorce.

Hon. Mr. QUINN: Why can she not go to Reno?

Hon. Mr. EULER: She is a resident of Canada. It is not a question of our Divorce Committee becoming a Reno divorce mill. There is only one ground for divorce in Canada; in Reno the grounds are legion.

Hon. JOHN T. HAIG: If you are a Canadian citizen you may apply to any court in Canada for a divorce. In this case the evidence was very clear, and showed that the husband and another woman sailed from Lisbon to Rio de Janeiro as man and wife, and that they were introduced to their fellow passengers as man and wife, and it was only after they landed at Rio that someone who had known him and his wife in Europe recognized that his companion was not Mrs. Sedlak. The news eventually reached New York, and the petitioner then proceeded to take the necessary steps for divorce. She was granted temporary entry to Canada in September, 1939, and by Order in Council of January, 1940, she was granted legal status as a resident. She is now in process of acquiring domicile. Her brother, if I remember the evidence, is running a mushroom farm near Toronto.

Hon. Mr. MURDOCK: Right.

Hon. Mr. HAIG: There is no Reno element in this case at all. If you heard evidence given before our committee by private detective after private detective, you might think of Reno. Detective evidence invariably is along these lines: the respondent was found in the same room with another man or woman, as the case may be, and they were drinking liquor together. In this case there was no such evidence. The husband was shown to have taken passage on a boat with another woman, and on the voyage they posed as man and wife, and everybody on board thought they were man and wife. Only later was it discovered that they were not.

As to the question of money, which is raised by my honourable friend, I may say that we recently granted a divorce to a woman who was earning only \$3 a week. She received this amount per week plus her board, and had to rent a room outside. So the question of money does not influence the committee.

Hon. Mr. MURDOCK: My honourable friend does not get my point.

Hon. Mr. HAIG: Oh, yes, I do.

Hon. Mr. MURDOCK: I say that it cost hundreds of dollars to bring these people here from New York and to hire lawyers to press this case.

Hon. Mr. HAIG: The woman I now refer to had a very good lawyer to present her case; in fact, he was a K.C. We remitted part of the fee in her case, as has been done in many other cases. What we try to do in the committee is what people of common sense would do if they had to deal with the matter. We may be terribly wrong, but we think that if a husband or his wife, of twenty-five or thirty years of age, or even up to forty, is running around with someone else, and husband and wife cannot live together, they should not be tied to each other.

In the case under consideration the woman was young. The money did not get her the divorce; it got her into Canada. She could have gone to Reno and got a divorce there for less money.

Hon. Mr. MURDOCK: Did the honourable gentleman sit on the Divorce Committee when this case was being heard?

Hon. Mr. HAIG: I read the evidence over twice, and I heard the discussion raised by the honourable gentleman. I went back again and read the evidence in detail, and heard the honourable gentleman's argument as to

Hon. Mr. HAIG.

why he was going to oppose the divorce. The honourable gentleman said that if this woman had not had money we would not have granted the divorce, and he talked about it being wrong to grant it. There is nothing wrong about it. If ever a person was entitled to a divorce it was the woman in this case.

Hon. W. M. ASELTINE: Honourable senators, I happen to be a member of the Divorce Committee, and I was present when the evidence in this case was taken. To my mind, it was one of the clearest cases that ever came before our committee, and I am quite satisfied on the evidence that the divorce should be granted and a Bill passed accordingly.

The law on the subject is, to my mind, quite clear. A person does not require to be a British subject before he or she can make application for divorce by way of a private bill. I have in my hand volume 69 of the Ontario Reports for 1933, where, in the case of *Upper v Upper*, the law as to the granting of divorce by Parliament is stated in these terms:

Parliament is not a forum adjudicating upon the rights of litigants. It is a legislative body, and can grant or refuse relief sought, not on the basis of right, but upon the grounds of expediency. Each divorce granted is not a decree based upon pre-existing rights, but a distinct legislative enactment.

I think that sets out the position quite clearly.

Hon. E. S. LITTLE: Honourable members, I do not very often burden this House with my views, but as a member of the Divorce Committee, and one who heard the evidence, and joined in the unanimous recommendation that a bill be proposed to the Senate, I feel that I should take exception, first of all, to the manner in which this report has been treated since it first entered the House. I do not think it is fair to any petitioner to move from day to day that an order stand over, and then, as was done to-day, to propose putting it over again until such time as the House is taking a recess. Regardless of whether a petitioner is a citizen of Canada or a British subject, I believe that Canadian residence or interests in Canada give him the right to petition this Parliament, which, after all, is the right to petition the King.

The people concerned in this case have no country; they are refugees. From my observation I would say that if we could secure as applicants for Canadian citizenship not only the petitioner, but also her brother and the witness who appeared, it would be a very good thing for this country. I do not think we should let it be felt that we are not ready to treat refugees from other countries fairly,

and I believe that any other action than the one we have taken would result in such a feeling.

Just a few days ago a petition for a bill was sponsored by the honourable senator from Thunder Bay (Hon. Mr. Paterson) on behalf of an American concern asking for a change in its incorporation. We should be quite as much justified in refusing that company the right to apply to this Parliament as in denying that right to the people in question.

I am sorry that I have to differ with the honourable senator from Parkdale (Hon. Mr. Murdock), for whom I have a very high personal regard. Further, I am sorry that he has seen fit to spread across the pages of the newspapers of Canada the expressions he has used in asking if we are going to turn the Senate into another "Reno divorce mill." I believe that this report should be received and the Bill passed, in order to be sent to the other House for consideration.

The motion for second reading was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. ROBINSON: With the leave of the Senate, I would ask that it be read a third time now.

The Hon. the SPEAKER: It is moved by Hon. Mr. Robinson, seconded by Hon. Mr. Sinclair, that this Bill be read a third time.

Hon. Mr. MURDOCK: I would move in amendment that this Bill be not now read a third time, but that it be read this day six months.

The Hon. the SPEAKER: It is moved by Hon. Mr. Murdock, seconded by—There being no seconder, I cannot put the amendment. Read the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

COWAN DIVORCE BILL

SECOND READING

Hon. C. W. ROBINSON moved the second reading of Bill M, an Act for the relief of Gordon Alexander Cowan.

Hon. JAMES MURDOCK: Honourable senators, at the risk of being further disliked, I feel compelled to draw attention to this particular case. Eight years ago, on the 11th of May, this Senate turned down an application for the relief of this man Cowan. In that case 144 pages of evidence were taken, and it

is only fair to say that of the six members of the Divorce Committee who heard the evidence four were in favour of granting the petition and two were opposed.

The report of the committee came to this House, and finally a bill was presented. Three distinguished senators—two of them have since left us and gone to their long last reward, and the other was my good friend the honourable senator from Alma (Hon. Mr. Ballantyne)—were opposed to giving this man Cowan the relief which he requested, and to which I think he was entitled. Maybe I have not been brought up right; maybe I am too touchy; but it seems to me that it was a case of "He that hath, to him shall be given; and he that hath not, from him shall be taken even that which he hath."

Let us listen to the argument advanced by my good friend from Alma on May 11, 1932. He said:

Coming from the city of Montreal, I happen to know the father of the lady who is the defendant in this case, and I can say that he and his family are among the very highest and most respectable people of that city . . . I sincerely trust, honourable gentlemen, for the sake of the reputation of the lady in question, and for the sake of her family, which, as I have already stated, is very well known and holds a high position in Montreal, that this petition for relief will not be granted.

The father of the lady in question was the managing director of Birks' Jewellery Store in Montreal. What was the result? He, having wealth enough, was able to keep the husband of the lady from getting a divorce to which I think the record shows he was entitled, even though two members of the committee thought the evidence insufficient. In any event, the distinguished gentleman referred to by my honourable friend from Alma had enough money to send his daughter to Reno, where she got a divorce—presumably for desertion—after which she came back to Montreal. On September 1, 1939, she went to Portland, Maine, and married another man and now she is living in affluence and comfort, presumably, in a house in Montreal. The poor husband, who for eight years could not get the relief he was entitled to, now comes along and asks for a divorce. I am all for the divorce. The only reason I am mentioning it is that it would appear unfair that the applicant should have had to wait; and again I say that if the father of the lady had been a brakeman or switchman, the applicant would not have been prevented from getting his divorce eight years ago.

Hon. Mr. BALLANTYNE: This is a new role in which I find myself. The honourable senator from Parkdale (Hon. Mr. Murdock) has not emphasized the fact that when this lady's husband applied here for a divorce the

evidence, in the opinion of two other senators and myself, was not sufficient to justify the granting of such a divorce. I do not know the lady and have never met her, but I still maintain she comes from a very fine family. If she has gone to Reno and got a divorce, which she thinks is valid in this country, but which in fact is not, I do not see how we can have very much against her for that. As to the former petition presented by the husband, the whole question is whether the evidence heard was such as to justify giving the man a divorce. As I have already said, I did not think it was, nor did two other senators.

Hon. Mr. MURDOCK: Four members of the Divorce Committee did.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. ROBINSON moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

BUCKLEY DIVORCE BILL

REFERRED TO COMMITTEE

Hon. C. W. ROBINSON moved the second reading of Bill O, an Act for the relief of Ann Elsie Buckley.

Hon. Mr. MURDOCK: Honourable senators, you will have noticed, I am sure, that for several days past there has been on the Order Paper, in my name, an inquiry in connection with the respondent in this case. I would respectfully ask that this motion be allowed to stand until my inquiry is answered.

The Hon. the SPEAKER: Honourable senators, it is moved by Hon. Mr. Robinson, seconded by Hon. Mr. Sinclair, that this Bill be now read a second time. Is it your pleasure to adopt the motion?

Hon. Mr. MURDOCK: It surely would be rough-house tactics to insist that a motion be passed before an honourable member's inquiry relative to it has been answered. I honestly believe the answer to my inquiry will prove that this case is a "frame-up." It is not many months since in this very city of Ottawa a man was sent to the penitentiary for several years for framing evidence in connection with divorce cases. In my humble judgment, the same kind of thing may be involved right here. The questions I asked were designed to show whether it is or not. A lot more can be said if honourable members insist that second reading be given to this Bill before my inquiry is answered.

Hon. Mr. BALLANTYNE.

Hon. Mr. ROBINSON: Personally I should have no objection to waiting until the inquiry is answered.

Hon. Mr. FARRIS: Did the committee have before it the information on which the honourable senator from Parkdale (Hon. Mr. Murdock) bases his belief that the evidence is a "frame-up"?

Hon. Mr. MURDOCK: No. But afterwards I started to analyse the evidence carefully particularly with reference to certain incidents that were alleged to have occurred over in the city of Hull, always on a Friday night. Who gave the evidence about these alleged incidents? Jack Levey, a Jewish friend, a bailiff and process server of Ottawa, and his son, who is now, but was not at that time, a member of the Air Force. In my humble judgment—of course, I have often been mistaken—somebody was "planted" over in Hull to bring about the result secured when these two amateur detectives went around.

I received to-day from the Minister of National Defence a letter which reads as follows:

Dear Senator Murdock,

Regarding your question No. 1 of March 26:

Please note that leave books are, generally speaking, not kept for officers in camps. Leave is usually given by the Battery Commander verbally.

At some inconvenience and research we have had the mess books looked up for each of the days you mention, and the officer to whom you refer was in camp on those days.

Naturally the Battery Commander cannot cast his mind back for six months or a year to remember whether on a particular date he gave leave verbally; and it is quite possible that the officer would be out of camp after duty hours until reveille the next morning.

If there is any real purpose to be served by our chasing this down further and interrogating the officers concerned, I shall see what can be done. Are you trying to "puncture an alibi" set up by this gentleman, or what is the object of these meticulous enquiries?

Yours very truly,

J. L. Ralston.

I firmly and honestly believe the records will show that this respondent, Buckley, was at Petawawa camp, a hundred and some odd miles from Ottawa, on the three Friday nights on which our two friends, the process server and his son, said he was in Hull. Note again that the alleged incidents occurred always on a Friday, not a Saturday. Why? Well, to some people, Saturday is the Sabbath. Personally I am opposed to acting on allegations that may be contrary to fact—that may be of the same kind as those which, as I have said, resulted in the conviction of a man here in Ottawa not long ago and his being sent to

Kingston Penitentiary. I plead with honourable members to let this motion stand until my inquiry is answered.

Hon. Mr. ROBINSON: In view of what has been stated by the honourable senator from Parkdale (Hon. Mr. Murdock), I feel it might be well to let the motion stand as he suggests, until his inquiry is answered.

Right Hon. Mr. MEIGHEN: I am very glad the Chairman of the Divorce Committee (Hon. Mr. Robinson) has taken that view.

Hon. Mr. MURDOCK: Thank you.

Right Hon. Mr. MEIGHEN: I take it that the honourable senator from Parkdale (Hon. Mr. Murdock) is a member of the Divorce Committee and accepted the evidence which was given in this case, as perhaps anyone would, but that he has since had reason to believe the evidence was not true, and in order to settle his doubts he asks that the Bill be not proceeded with further until he receives answers to this series of questions which he has placed on the Order Paper. I do not think that is unreasonable.

Hon. Mr. KING: Could the matter not be referred back to the committee?

Right Hon. Mr. MEIGHEN: Yes. There is no need of having the questions answered in this House.

Hon. Mr. EULER: Did this man Buckley appear before the committee to defend himself?

Hon. Mr. MURDOCK: No. He has been overseas since last November, I believe. Perhaps one of the things that made me suspicious was the information that before he left he expressed to a fellow officer his belief that a divorce was going to be arranged for him while he was away. Anyway, let us get the facts asked for in my inquiry.

Hon. Mr. HAIG: Honourable senators, I suggest that the matter be referred to the committee.

Hon. Mr. LITTLE: Honourable senators, if the matter were referred to the committee a lot of unnecessary and unsavoury publicity in the Press would be avoided. I would suggest that, pending receipt of answers to the honourable senator's inquiry, the Bill be referred to the committee.

Hon. Mr. MURDOCK: Hear, hear.

Hon. Mr. ROBINSON: I think that is perhaps the better thing to be done. Personally, I had no suspicions at all about this case. The evidence was very clear.

Hon. Mr. KING: Hear, hear.

Hon. Mr. ROBINSON: I should not like to offend the honourable senator from Parkdale (Hon. Mr. Murdock) by creating the impression that we were trying to push the Bill along too rapidly. I would move that the Bill be referred to the committee.

The Hon. the SPEAKER: There are two motions before the Chair now.

Hon. Mr. ROBINSON: With leave, I would move that my motion for second reading of Bill O be withdrawn, and that the Bill be referred to the Standing Committee on Divorce.

The motion for second reading was withdrawn, and the Bill was referred to the Standing Committee on Divorce.

ROBERTS DIVORCE BILL SECOND READING

Hon. C. W. ROBINSON moved the second reading of Bill Q, an Act for the relief of Hubert Earl Roberts.

He said: Honourable senators, I believe there is some desire to discuss this Bill also. It arises out of the only divorce petition that has been received from Prince Edward Island in a considerable time. As Chairman of the Divorce Committee, I have no option but to move for second reading.

Hon. JAMES MURDOCK: Honourable senators, of all the members of this House I am possibly the most unfitted to present the plea which I am going to put forth now. I am heartily in favour of this divorce, as I think all honourable senators will be when they hear a few words which it seems to me ought to be said. This is the first case that has come to us from Prince Edward Island in three years. Briefly, the facts are these. In 1926, a young man, twenty-five years old, married a girl of sixteen, and by 1934 they had had five children, all boys. Then the woman discontinued living with her husband and went to live with his younger brother, next door, and since 1934 three children have been born to the woman and this younger brother. When this case came before the Divorce Committee we had from the respondent, mother of eight children, five by her husband and three by another man, a request that she be provided with funds to enable her to appear and defend herself. Under our rules her request had to be granted, and \$75 was sent to her. I might say that this was purely and simply a hold-up. Undoubtedly she had no intention of appearing.

Now, I cannot believe that the authorities of Prince Edward Island want their province to be given that kind of notoriety before the

Senate Divorce Committee at Ottawa, and I mention the case now in the hope that a couple of our Prince Edward Island senators to whom I have spoken will bring this matter to the attention of the provincial authorities and ask them whether, for the good name of that beautiful province down by the sea, they will not kindly handle cases of this kind at home.

I am sustained in my hope by what happened before our committee two or three days ago, when the only witness for a woman petitioner was a Roman Catholic priest. Surely we ought to feel encouraged that, as it seems to me, there has been a loosening up of some of the objections that heretofore have been made to divorces. Only a single witness was necessary to enable the Divorce Committee to grant the petition. I cite that in connection with this case because I think maybe the question of religion has had something to do with Prince Edward Island, as well as Quebec, holding aloof from these cases and sending them along to the Senate to be dealt with. Honourable senators, I have only the kindest feeling for those who, I think, should handle their own problems at home.

Hon. J. J. DONNELLY: Honourable members, the honourable senator from Parkdale (Hon. Mr. Murdock) has just stated that the only witness in support of a petition heard by the Senate Divorce Committee was a Roman Catholic priest. I am afraid that a wrong interpretation may be placed upon that bald statement. The facts are that a certain couple came to the priest to get a child baptized, and in order to make his entries he inquired who were the parents. Later he was summoned as a witness and gave evidence based on the information which he had received in his capacity as parish priest—evidence which in no way reflected on him or on his church.

Hon. Mr. MURDOCK: My honourable friend is quite correct. I regret I did not go into details. The facts had been misrepresented to the priest, and he baptized as legitimate a child whom later he found to be illegitimate.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. ROBINSON moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

Hon. Mr. MURDOCK.

DIVORCE BILLS

FIRST, SECOND AND THIRD READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first, second and third times, and passed.

Bill J2, an Act for the relief of Helenorah Ketaurah Donowa Harris.

Bill K2, an Act for the relief of Henry John Barrington Nevitt.

SECOND AND THIRD READINGS

Hon. Mr. ROBINSON moved the second and third readings of the following Bills, which were severally read the second and third times, and passed:

Bill F2, an Act for the relief of Hortense Bienvenue.

Bill G2, an Act for the relief of Evelyn May Gray Ladouceur.

Bill H2, an Act for the relief of Marie Jeanne Germaine Grenier Legendre.

Bill I2, an Act for the relief of Marie Adeline Alice Miron Lefebvre.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Thursday, April 3, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

DIVORCE BILLS

FIRST, SECOND AND THIRD READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first, second and third times, and passed:

Bill L2, an Act for the relief of Pauline Myrle Barr Gauld.

Bill M2, an Act for the relief of Marie Alice Veillet Piché.

WAR EQUIPMENT PRODUCTION IN CANADA—ATTITUDE OF BRITISH FIRMS

INQUIRY AND DISCUSSION

On the notice by Right Hon. Mr. Meighen: That he will inquire of the Government whether representations of any kind were made, prior to the evacuation of Dunkirk, by the Canadian Government to the British Government in respect of refusal, reluctance or delay

of British firms to supply necessary plans, specifications or other essential data to Canadian firms, to be used in the production of war equipment or munitions of any kind.

Hon. RAOUL DANDURAND: All I desire to say is that my right honourable friend (Right Hon. Mr. Meighen), as a member of the Privy Council and of the Imperial Privy Council, knows full well that without our conferring first with the Imperial Government no answer can be given as to representations that passed between the two Governments. It is for him to say whether, in view of this, he will move his motion in order to get the answer I can give him now.

Right Hon. Mr. MEIGHEN: I will move the motion. But will the honourable leader of the House listen to the inquiry? It reads:

Whether representations of any kind were made, prior to the evacuation of Dunkirk, by the Canadian Government to the British Government in respect of refusal, reluctance or delay of British firms to supply necessary plans, specifications or other essential data to Canadian firms, to be used in the production of war equipment or munitions of any kind.

I merely ask whether any representations have passed from the Government of Canada to the Government of Britain. Am I to be told that the Government of Canada is not free to answer that question?

Hon. Mr. DANDURAND: Is the right honourable gentleman moving his motion now?

Right Hon. Mr. MEIGHEN: No; I am repeating my question. I refuse to accept as an answer anything in the way of a statement that communication with the British Government is required in order to enable the Government of Canada to answer that inquiry. I am dealing with the inquiry first.

The Hon. the SPEAKER: There are on the Order Paper two things which appear to be somewhat similar. The first is under "Inquiries" and asks the Government a question, while the other appears in the form of a motion.

Right Hon. Mr. MEIGHEN: We are not at that yet.

The Hon. the SPEAKER: I am under the impression that No. 2 could be answered as if it were a question. Of course, the Government can always delay its answer.

Hon. Mr. DANDURAND: The answer I have made covers the first and as well the second Order, which is my right honourable friend's motion. I have been informed that no correspondence that passed between the two Governments can be produced by one of them without the other's approval.

Right Hon. Mr. MEIGHEN: The honourable leader says that the documents cannot be produced by one Government without the consent of the other. That I know; but it is not a reply to my question. I am not asking for production at all; I am merely asking whether the communications passed.

Hon. Mr. FARRIS: Your question involves the contents.

Right Hon. Mr. MEIGHEN: No, only the subject-matter. I do not think the leader of the House needs any rescue by the honourable senator from Vancouver South.

Hon. Mr. FARRIS: I am sure he does not.

Right Hon. Mr. MEIGHEN: It is merely a question whether anything passed on this subject; nothing more.

Hon. Mr. DANDURAND: I have nothing to add to what I have stated concerning the inquiry. I am awaiting my right honourable friend's action on the motion.

Right Hon. ARTHUR MEIGHEN: If I cannot get yes or no to my inquiry—if, on behalf of the Government, the honourable leader of the House simply refuses to answer that plain question—I press my motion.

Hon. Mr. DANDURAND: Then, I suppose, I can discuss the motion. My right honourable friend knows how this whole discussion arose. It arose out of his statement appearing at page 87 of the Senate Hansard.

Hon. Mr. MURDOCK: There has been no motion made yet.

Hon. Mr. DANDURAND: True, it has not been put by His Honour.

The Hon. the SPEAKER: We are still on "Inquiries." We have not called "Motions" yet. We may call them now.

Motion No. 1, by the Right Hon. Senator Meighen.

ORDER FOR RETURN

Right Hon. Mr. MEIGHEN: I make the motion.

Hon. Mr. DANDURAND: Then, will you put it?

The Hon. the SPEAKER: It is moved by Right Hon. Senator Meighen, seconded by Hon. Senator Ballantyne:

That an Order of the Senate do issue for a copy of all representations, letters, documents, telegrams, or other communications, passing, prior to the evacuation of Dunkirk, from the Canadian Government to the British Government, with respect in any way to the refusal, reluctance or delay of British firms to supply necessary plans, specifications or other essential

data to Canadian firms, to be used in the production of war equipment or munitions of any kind.

Hon. RAOUL DANDURAND: The reply I have to this is that on matters passing between the two Governments no answer can be given before consultation with and agreement by the Imperial Government. My right honourable friend, who is a member of the Imperial Privy Council, knows that perfectly well.

Right Hon. Mr. MEIGHEN: Will the leader of the Government undertake to ask the British Government whether it will approve of the production of the correspondence, if there is any?

Hon. Mr. DANDURAND: I would suggest to my right honourable friend that he move the motion. I shall have no objection to letting it pass, so that he may have the official answer from the Department of External Affairs.

Right Hon. Mr. MEIGHEN: I make the motion, then.

Hon. Mr. DANDURAND: But I would draw the attention of my right honourable friend to this situation. The subject which is before us arose out of a statement by him which appears at page 87 of Hansard:

We were complacent for months; we are not half so complacent to-day.

To which I answered:

And not half so complacent as Great Britain was herself.

It is in order to substantiate his assertion, of which my statement was a consequence, that he has continued the discussion. I am ready to go into the matter of the complacency of the Canadian Government during the first months, for my right honourable friend alleges it was in those first months, or the first year, that we were too complacent; but if I enter into a discussion of the matter for the purpose of settling the point at issue, it will be on my right honourable friend's responsibility that I do so.

Right Hon. Mr. MEIGHEN: If the honourable gentleman is not satisfied with the speech he made last week he can make another, so far as I am concerned, but that is not on the subject of the motion which is now before the House. The motion is for the production of papers to show what, if anything, the Government of Canada did in respect of that complacency on the part of the British Government of which he complains. That, and nothing else, is the subject of my motion.

The Hon. the SPEAKER.

Hon. Mr. DANDURAND: Then I will tell my right honourable friend what the Government of Canada did in the matter of helping the manufacturers of Canada in getting orders from the British people.

Right Hon. Mr. MEIGHEN: The honourable member can make a speech on that any time he likes, but it is not the subject of the motion. This motion is for a return showing just what the Government of Canada did in respect of the British Government's complacency, of which he complains.

Hon. Mr. DANDURAND: Well, I shall proceed to give an answer on that question. On the 11th of June, 1940, the Right Honourable Mr. Mackenzie King spoke in the House of Commons on industry and the war, and here is what he said.

Right Hon. Mr. MEIGHEN: Another of his speeches.

Some Hon. SENATORS: Order!

Hon. Mr. HUGESSEN: They are better than yours.

Hon. Mr. DANDURAND: The Right Honourable Mr. Mackenzie King is Minister of External Affairs and is responsible for the administration of this country, and my right honourable friend is not.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. DANDURAND: Here is what he said:

A day or two ago my honourable friend the Leader of the Opposition (Mr. Hanson) spoke of the conference which a few days before had taken place between representatives of the Manufacturers' Association and the Government. I intimated to him at the time that the Government and the manufacturers had agreed that the best method of proceeding in the matter in which they were mutually concerned was to have a message sent to our High Commissioner in London which would set forth the views both of the manufacturers and of the Government with regard to Canada's capacity for producing munitions and other essential war materials, and the desire of both to have this capacity made use of to the greatest possible extent. I should like to read to the House, in order that it may be of record on Hansard, the communication which has since been sent by the Government to our High Commissioner. It, better than anything else, will make perfectly clear the position of both parties with respect to the matter referred to. The communication was sent by myself on June 8 and was as follows:

"On Thursday, June the 6th, our Government received a large delegation from the Canadian Manufacturers' Association to discuss the situation with respect to the manufacture in Canada of munitions and supplies for the United Kingdom and allied governments.

"The delegation expressed great concern that Canadian manufacturing capacity continued to be used to such a small degree in the supply of essential war materials for the Allied Governments, despite the willingness of Canadian manufacturers to utilize to the full the resources of their plants for this purpose.

"As you know, the Government, both prior to and since the outbreak of war, have on many occasions both directly and through yourself, drawn the attention of the United Kingdom Government to the availability of Canadian industrial resources, and recently in a telegram to the Prime Minister of the United Kingdom I drew Mr. Churchill's personal attention to Canadian resources in this respect.

"At my suggestion that they prepare a memorandum as to what points they felt should be emphasized in representations to the United Kingdom Government, the delegation from the Canadian Manufacturers' Association have sent me on June 6 the following communication."

The communication is then quoted in full as follows:

Dear Mr. King:

On behalf of the members of the Canadian Manufacturers' Association, I beg to thank you and your colleagues for receiving their delegation to-day.

We realize fully the burdens which members of the Cabinet are bearing and the many demands on their time and only the vital importance of war production would have caused us to seek an interview with you at this critical time. We are very grateful to you and your colleagues for the patient hearing which was given to us and also for the extremely interesting and valuable information that we received.

You were kind enough to offer to cable immediately to the Hon. Vincent Massey, High Commissioner for Canada in the United Kingdom, to ask him to take up with the British Government the matters we discussed with you. You suggested that we prepare some notes which might be of some assistance in the drafting of your cable and we are glad to take advantage of the opportunity which you have kindly given us, and beg to set forth the following suggestions.

The suggestions are in quotations as follows:

"At the annual meeting of the Canadian Manufacturers' Association in Winnipeg, May 29, 30 and 31, manufacturers from all parts of Canada expressed themselves very strongly in favour of mobilizing immediately the intelligence, skill, equipment and capacity of Canadian industry. They offered every possible co-operation to the Canadian, British and French Governments in this terrible emergency. They expressed surprise and disappointment that, following the visit of their mission to England last summer and the presentation of Canadian industrial capacity, which was so well received in England, and the prompt appointment of a British mission to Canada, Canadian industry is being used so little up to date.

"To-day, a representative group of leading Canadian manufacturers met the Prime Minister and eleven other members of the Cabinet in Ottawa and had a very helpful conference.

"Will you kindly discuss with the British Government the following points which were made by the representatives of the Canadian Manufacturers' Association to-day:

"1. Canadian manufacturers made war supplies to the value of \$1,200,000,000 for the Imperial Munitions Board during the last war.

This fact proves the capacity of Canadian industry. Canadian industrial expansion since then has made possible vastly increased manufacturing facilities, and a wider range of products, involving greatly improved technique. Full particulars were presented to the service departments of the British Government by the Association's mission to England last summer. This is in your possession.

"2. Canadian industry again extends every possible co-operation to the British, French and Canadian Governments.

"3. There is available in Canada a great amount of industrial capacity, especially in the engineering, machinery and metal working trades with highly skilled technical staffs. Over a year ago, a survey of one hundred plants showed that these had available 3,000,000 square feet of floor space. Very little of this is in use now.

"4. There is a great deal of machinery, equipment and tools used in peace time manufacturing, that can be adapted quickly to war manufacturing with good results in a general mobilization of industrial resources.

"5. The time for placing small experimental orders is past. The British and French Governments should advise immediately what they want in large quantities, and give Canadian manufacturers an opportunity to learn what is expected of them. On receipt of this information Canadian manufacturers will make their plans accordingly so as to use their plants to the best advantage."

That is the end of the suggestions which appear in quotations. The letter continues:

Permit me to assure you that the members of the delegation who met you to-day keenly appreciate your kind offer to cable Mr. Massey asking him to take up our suggestions with the British Government.

Thanking you on their behalf, I remain,

Yours faithfully,

(Sgd.) Harold Crabtree,

President,

Canadian Manufacturers' Association.

Then the Prime Minister's telegram to Mr. Massey continues as follows:

The Government continue to be of the opinion that Canadian plants might be utilized to a far greater extent as a source of supply for the Allied Governments, relatively free from the danger of hostile action, and you are accordingly directed to bring this matter once more to the attention of the appropriate authorities in the United Kingdom, setting out in particular the representations of the Canadian Manufacturers' Association as quoted in paragraph five of this telegram. I shall be obliged if in so doing you will inform the Government of the United Kingdom and the heads of the departments concerned that our Government concur in the views expressed by the Association and repeat the assurance of our willingness and readiness to do everything possible to assist in the development of increased production in this country to meet essential war needs.

That is the statement made on June 11, 1940, by the Prime Minister, whose responsibility it is, among other things, to communicate with the British Government. That statement shows the representations made by the Canadian Manufacturers' Association

and transmitted to Hon. Vincent Massey, our High Commissioner in the United Kingdom, and also the Prime Minister's directions to Mr. Massey.

I should like to read now some statements made in the House of Lords. On July 11, 1940, Lord Barnby spoke as follows, as reported at columns 934 and 935 of the Official Report of the House of Lords Debates:

The productive capacity of Canadian industry is appreciably greater than the relative proportion of that population. There is a tendency when assessing the population of the Dominions to regard ten millions of population in Canada or six millions in Australia as being some indication of their relative importance, compared with that quantity of population in other parts of the world—for instance, in Europe. It is as well to bear in mind that if you take as a standard of measurement their value in annual production or in foreign trade, their relative importance is very much greater than their populations indicate. That is particularly true of Canada. It was understood that this war would be a war of material, and that results would be determined very largely by the products of industry and not by numbers of man-power. The capacity of the North American continent is therefore—with a view to focusing it right on your Lordships' minds I quoted those initial figures—of predominant importance to anybody who chanced to reflect about it at the beginning of the war: he would have immediately seen that the potential capacity of the arsenal of North America was of predominant significance.

I chanced to be in the North American continent at the outbreak of war, and in the few weeks succeeding the outbreak of war I was circulating in Ottawa and Washington, as well as being in touch with industry in general. As indeed anybody would have been, I was surprised at the apparent tardiness with which we began to supplement the productive capacity of this country with orders on the other side of the water. So big an automobile industry obviously indicates a terrific engineering industry. The capacity of the United States was therefore great in machine-tools, and one would have thought that there would have been an instant move, not only to obtain supplies from the existing machine-tool output either in the United States or in Canada, but also to take immediate steps to expand that industry.

That brings me to the first point on which I want to focus your Lordships' minds: the perplexity as to whether there was a long-range policy thought out from the start of the war: that if we were going to embark upon big expenditure in the North American continent it should predominantly be anchored to British soil; that we should develop the Canadian industry in priority to expanding the American industry. There is a very definite belief that the policy which was upheld did not adequately either have that in mind or, if it did, in its management of it carry it out. It is said that conservation of exchange was one of the causes that retarded our buying in the United States, and that Canada and the United States are from the exchange point of view the same. I respectfully submit that it is open to argument that, whatever may have been the risk of strain on the exchange, at least subsequent to the passing of the neutrality

Hon. Mr. DANDURAND.

legislation, the risk of losing everything by defeat is greater than the risk of imperilling the exchange by over-purchases. After all, the placing of orders does not require immediate payment.

At column 940 Lord Barnby is reported as saying:

Turning to Canada, there I intend to limit my remarks, for again, Lord Beaverbrook being in the picture with his intimate knowledge of Canada, what necessity is there to say anything? But it is only fair that something should be said in this House because of the criticism that Canadian manufacturers were dilatory or selfish, for no one could have believed the sense of indignant frustration and bewilderment that one found among manufacturers in Canada at the paucity of orders placed up to that time. That finally culminated in the Canadian Manufacturers' Association taking action and appealing to Ottawa. I would like to read to your Lordships a few sentences from the communication that was sent by the Association to Mr. Mackenzie King, which has been published. They say:

"Unfortunately only a small fraction of Canadian industrial capacity has been utilized. The Canadian Manufacturers' Association has a deep-rooted conviction that there exist some definite causes that are responsible for Canadian plants receiving orders for only a small percentage of their capacity, and respectfully urges the Canadian Government to take steps . . . to clear away misunderstandings presently existing in order that Canadian industry may be speeded up immediately and take its full share in the defence of our Empire and country. The Association advocates the mobilization of the entire personnel, skill, experience, equipment and resources of Canadian industry in order to comply with all requirements of the Canadian and British Governments."

There was a melancholy tale as regards Canada, which has all been ventilated either in Parliament at Ottawa or in the Press, that orders were only given on a small scale, that there was an absence of blue-prints, constant changes of design and so forth. With regard to aircraft, I realize that aircraft production and the training of air personnel are extremely intricate matters, and any subject connected with aircraft is so technical that it is dangerous for the layman to deal with it at all. But since I put this motion on the Paper I have received a very great number of messages, telephone calls, requests for visits, all emphasizing the restlessness and perplexity which exist with regard to purchases from the other side. I do not exclude aircraft, but I do know that some of those who within the past ten days have had access to Lord Beaverbrook have had evidence of the determination and approachability with which he is dealing with this matter. But there is still in Canada no explanation of why, last October, the offers of the Whitney Company and the Curtiss-Wright Company to erect factories in Canada for the production of aircraft were turned down. The feeling is widespread that there could have been a greater development of war industries in Canada than in the United States.

I find at the bottom of column 941 the following:

It may be assumed the Dominion Government would be co-operative. Surely prudence

requires envisaging Canada as the second line of industrial and naval defence. Why not aim at the development of plants there and negotiate for expansion to include transfer from the United Kingdom of selected plants or parts of plants, with necessary technical personnel? In brief, give evidence of commencement of a planned drift from industrial concentration in this island to expansion in the Empire in North America.

Honourable members will have noticed complaints of blue-prints and other things not reaching manufacturers in Canada. These complaints I mentioned, and they are covered by my right honourable friend's inquiry. I find that on July 31, 1940, Lord Barnby in the House of Lords made this statement, as printed at column 47 of the Official Report:

I cannot pass over the question of Canada's war effort, because I have heard on many sides criticism of that war effort. There is no point in recrimination or in reviewing the past, except, as the Prime Minister said, with the object of fortifying us in our determination for the future. Comparisons are odious in so far as they are made with other parts of the Empire, but it is certain that had the United Kingdom followed the policy of making a greater call, at an earlier date, on Canada's productive capacity, it would have been answered and it would have inspired the Canadian people and impelled the Canadian Government to make efforts on their own part much greater than they did, instead of being lulled into an appearance of inaction by the meagre demands which this country made upon them. At the present moment the presence here of Mr. Charles Banks, representing the Canadian Munitions Board, ensures that these problems will be properly surveyed, and I know that with Mr. J. P. Bickell here assisting Lord Beaverbrook, these factors will be continually put forward. I expect that the infusing of the vigorous methods practised in Canada into our governmental machine will produce some electrifying effects even on the Civil Service, to which Lord Strabolgi addressed, and rightly addressed, a considerable homily recently in your Lordships' House.

Lord Caldecote—formerly Sir Thomas Inskip—Secretary of State for the Dominions, answered that statement by Lord Barnby in these words:

A fortnight ago my noble friend Lord Woolton made statements which I think I am right in saying reassured opinion in all parts of your Lordships' House. He dealt with a number of detail questions such as the supply organization in North America, the responsibility of our representatives for settling prices, the stability of design and other detailed matters, but more particularly and most important of all was what he said in relation to the volume of orders which are now being placed in America.

The answer which he was able to give was that orders are now being placed to full capacity in the United States of America and Canada; and I repeat that the very fullest use is now being made of every possible capacity that there is in Canada, whether it is existing capacity or capacity that must be created, that can come into production before January, 1942.

He adds at column 54:

I fully appreciate, if my noble friend will allow me to say so, the spirit of what he has said as to the development and the use of Canadian resources, but I really think that the action that has been taken by my noble friend Lord Beaverbrook and the Minister of Supply, has reassured public opinion. The orders that have been placed in the month of July alone in Canada represent a very large increase, running into millions of pounds, over the whole of the orders placed for the preceding six months in Canada. That itself is indicative of the development of those resources.

Lord Strabolgi, formerly of the Admiralty War Staff in London and Assistant Chief of Staff at Gibraltar, published, at the end of 1940, a book entitled "The Campaign in the Low Countries." In the first chapter the author analyses some of the causes of what he describes as "stupendous events of May, 1940." Among these causes were the following, as set out on pages 16 and 17:

In the lean years after the Great War, when all nations were trying to strengthen their financial positions and when money for armaments was hard to come by, a certain number of aircraft manufacturing firms propounded the idea that in order that they themselves should be kept in being and ready to expand in times of peril, all the orders from the Government for aeroplanes should be given to them. They came to be called "The Ring." Their argument was that if entrepreneurs entered the aircraft manufacturing field, the limited contracts available would be too widely spread and some of the older established aircraft manufacturing firms might have to go out of business. We need not question their patriotic motives. Unfortunately this custom of only permitting the existence of a limited number of aircraft manufacturing firms became a habit. Right up to the outbreak of the present war, and for months afterwards, one very important manufacturing concern with a good reputation in the North of England, but outside the charmed circle, was left with its magnificent plant and highly skilled workers half idle. By May, 1940, when the terrible twenty days of the campaign in the Low Countries began, the position was that we were still in the stage of building armament factories. In some cases this was being done in a leisurely manner. I know of two very large armament factories which it was decided were vitally necessary in February of 1940. The order to begin building them was only given in this same fateful month of May.

At pages 17 and 18 he says:

A totalitarian system was adjusted to totalitarian war. Immense stocks of raw materials of all kinds and of petroleum and petroleum products were accumulated. Some endeavour was made in Britain to follow suit. Whale oil, wheat and sugar, for example, were bought and stored, petroleum reserves were created; but some of the most important metals vitally necessary for the survival of Britain were not stored owing to Treasury obstruction. When the new men in the new Government under Mr. Churchill set to work they found a number of annoying bottlenecks hampering our production caused by the lack of these vitally important metals and raw materials. It was found,

furthermore, that in several of these cases the Treasury, always supported by its First Lord, Mr. Neville Chamberlain, had refused or delayed sanction to buy in advance of actual war.

At page 26 he continues:

During the years when the Nazi danger to our peace and security loomed even darker, no real attempt was made to harness the whole of the great manufacturing and engineering resources of the country for the purpose of strengthening our defences. By May, 1940, as already described, we were still in the stage of building munition factories.

At page 27 I find the following:

Even the actual outbreak of war did not lead to an appreciable quickening of the effort . . . and six months after the war had been raging we still had nearly a million men unemployed. Of these probably 500,000 . . . were available and unused.

And at page 28 there is this statement:

To understand one of the main reasons for this, it is necessary to remember the curious economic system which had been allowed to grow up in the post-war years and especially since the economic depression which afflicted the world between the years 1928-32. It was sought to create an artificial prosperity by deliberately limiting output. In some cases this was done by the banks. Their financial power was used to ruin and drive out of business the weaker artificial silk manufacturers, for instance. The Bank of England fathered a corporation for forcibly buying up a large number of important shipyards and closing them down permanently. It was called sterilization, and was done so that the remaining shipyards could prosper owing to the cutting away of competition. The result was that ship-building plant and, still worse, skilled shipyard workers, which would be needed if war came, were put permanently out of commission. Coal mines were closed down in the same way. The establishment of new and up-to-date steel works was discouraged.

Finally I quote from page 29:

When war loomed on the horizon and it was desired to expand and increase production for the purpose of rearmament, and the vitally important export trade, there was great difficulty in reversing the process.

As my right honourable friend is doubtless aware, the book is published by Hutchinson & Co., of London and Melbourne.

I think I have established that if Canada could be accused of complacency during the first months of the war, that complacency could be traced to the British authorities, and had considerable effect in forcing Canada to mark time while waiting for orders from the other side.

I stated a moment ago that this matter came to us because my right honourable friend, realizing he could not assail the Government on to-day's or to-morrow's programme, decided to revert to conditions prevailing during the first months of the war. I thought he would forget the past and look to the present and the future; but no, he

Hon. Mr. DANDURAND.

harped again on the first months of the war. I want to know if we are very much interested in what took place during the first months of the war, now that we are facing difficulties innumerable, which we cannot face by looking backwards. My right honourable friend has looked backwards. The Government of the day is looking at the difficulties of the present and the problems of to-morrow. At the institution of this Chamber, Sir John A. Macdonald declared that it should regard the Government of the day with sympathy, because it was an emanation of the will of the people. I suggest that members of the Senate should show sympathy towards the Government and help it rather than give utterance to destructive speeches that will affect the morale of the country. I am sorry that at times my right honourable friend speaks in the Senate as though he were a representative of the people and were speaking for them in the House of Commons. As I told him some time ago, I have heard speeches of his which seemed to be those of a leader of the Opposition in the other House.

Should we not abandon the recriminations of the past year when we see what the situation of the British Government has been? Does my right honourable friend not know that in May, several months after the war started, there was such an upheaval among the people of England that the Government was thrown out of power and a new set of men were brought in? Does that not indicate complacency and tardiness on the part of the British Government? I must say in favour of that Government, however, what has often been repeated—that though the British may muddle through, they always win the last battle. I know from books which I have read that Great Britain, when catastrophe threatens, can always be depended upon to set her back to the wall and fight to a finish. I have the greatest admiration for the work which has been done by Britain since the battles of the Lowlands, and I would suggest to my right honourable friend that instead of criticizing the Government for its sins of omission or commission during the first twelve months of the war, he should commend it for what it has done since. I have not yet heard of a representative of the Conservative party stepping out of the ranks, going into consultation with the Government and helping it in its days of stress, as was done in the United States by Mr. Wilkie. They have not come forward. We hear speeches from the right honourable gentleman in which there is not a word of commendation for what the Government has done. Though the minds of the Canadian people are filled

with admiration, the right honourable gentleman continues to criticize the Government. I hope he will realize that henceforth we must all look forward, and not back.

Some Hon. SENATORS: Hear, hear.

Right Hon. ARTHUR MEIGHEN: It is so long since the leader of the House started his speech that he may have forgotten the motion on the Order Paper.

Hon. Mr. DANDURAND: No, I have not forgotten it. I have stated that I have no objection to its being passed if my right honourable friend so desires. But I think he would be wise if he withdrew it.

Right Hon. Mr. MEIGHEN: I will take the chance that the leader of the House will not need to make another speech before I am through.

In all quietness let us read what is on the Order Paper. It is a motion that an Order of the Senate do issue for a copy of any representations made by this Government to the British Government in respect of what the leader of the House has alleged was failure, if not action in the nature of traitorous conduct, on the part of the British Government. I simply call the attention of the House to this: the motion does not even ask for the British Government's reply; all it asks for is a copy of anything sent by this Government to the British Government. Yesterday the question asking whether anything went appeared on the Order Paper, and stood over.

Now let the House decide. Here is a Government which says: "There was failure, very bad failure, in Britain. You people here in the Parliament of Canada should not discuss our failure of several months ago, because that is looking back, but we of the Government of Canada ought to discuss the failure of the British Government of several months ago. That is looking forward." The leader of the Government declared the British had been derelict; that they had not been doing their duty at all; that, selfishly, they had refused blue-prints and plans to Canadian manufacturers. Were that the case, a duty immediately devolved upon the Government of Canada. I am asking what that Government did.

Hon. Mr. DANDURAND: You have Mr. King's letter.

Right Hon. Mr. MEIGHEN: No. All the speeches he makes have nothing to do with what I am asking. I am asking what our Government did to bring to the attention of the British Government the charge made of dereliction on the part of British industry. If our Government did nothing, then the

indictment lies, and lies for ever, at its door. If it did something, why can it not tell us what it did? Has the House no suspicion as to why it cannot tell us? I have a deep-seated suspicion as to that, and I am going to state it. I believe the reason is that our Government never wrote a letter, never had a communication, never did anything; and, what is more, I believe it never had any realization that there was need of doing anything. What it says is said to cover up its own neglect, and its inability to realize what were the needs.

Hon. Mr. DANDURAND: That, again, relates to the first months of the war.

Right Hon. Mr. MEIGHEN: If I am wrong, let the Government prove me wrong. I am of the belief that it never moved a finger—that never a communication went to England.

Hon. Mr. DANDURAND: There is the letter written to Mr. Massey.

Right Hon. Mr. MEIGHEN: That is not complaining to the British Government; that is telling what we could do. It is not a letter complaining to the British Government that British manufacturers are not playing the game with us, nor is it one asking that Government to take these people by the neck and make them play the game. Such a letter should have been sent if what the leader of the Government says occurred is correct; but there is no communication of that kind at all.

I am not going to try to compete with the leader of the Government by giving little lectures on the speeches he makes. Suffice it to say that his heaviest allegation is that my speeches sound like those of the leader of the Opposition in the other House—and I am not sure I should be ashamed of that. But I may tell my honourable friend that the speeches he makes not only sound like those of the leader of the Government in the other House, but they are those speeches.

Hon. Mr. HARDY: They could not come from a better man.

The motion was agreed to.

CANADA'S NATIONAL HEALTH

DEBATE CONTINUED

The Senate resumed from Tuesday, April 1, the adjourned debate on the motion of Hon. Mr. Sauvé.

Hon. J. H. KING: Honourable senators, I think we are indebted to the honourable senator from Rigaud (Hon. Mr. Sauvé) for

his resolution of March 26 and the address he delivered in support of it. The resolution itself is:

Resolved that this House respectfully recommends that the Department of National Health of Canada do:

(a) Deal more severely with the elements detrimental to health, especially with the increasing misuse of broadcast advertisements recommending panaceas or certain commercial articles of food and drink;

(b) See that the danger of the abuse of unsuitable foods and beverages be taught widely by the Press and the radio and in schools;

(c) Spread knowledge of the properties of wholesome foods and beverages.

I personally commend the resolution.

I think it would be well to indicate what Parliament has done to protect the people against misbranding of food, drugs, proprietary medicines, and so forth, and false statements in advertising. We find in section 7 of the Food and Drugs Act, passed by Parliament in 1927, a provision regarding the misbranding of food and drugs. The section reads:

Food or drug shall be deemed to be misbranded within the meaning of this Act

(e) If false or exaggerated claims are made for it upon the label or otherwise.

Then section 32 provides:

Every person who

(a) Attaches to any article or package of food or drug sold or offered or exposed for sale any label or mark containing any untrue or misleading name, device, or statement; or

(b) Neglects or refuses to label or mark any article or package of food or drug in accordance with the requirements of this Act; shall for a first offence be liable, upon summary conviction, to a fine not exceeding two hundred dollars and costs and not less than fifty dollars and costs, or to imprisonment for any term not exceeding three months, or to both fine and imprisonment, and for each subsequent offence to a fine not exceeding three hundred dollars and costs and not less than fifty dollars and costs, or to imprisonment for any term not exceeding six months, or to both fine and imprisonment.

That is the section given by the Parliament of Canada to the Department of Health to enable it to protect the public against misbranding or false statements in regard to food and drugs.

In December, 1932, the then Minister of Pensions and National Health, the Hon. Dr. Murray MacLaren, entered into an agreement with Mr. Charlesworth, Chairman of the Canadian Radio Broadcasting Commission, whereby all commercial scripts were to be submitted to the department for approval before authority was given to broadcast. The scripts were submitted in triplicate. After revision one copy was retained by the department, the others being returned to the Broadcasting Commission. On November 12, 1934, it was arranged and agreed that representatives of the depart-

Hon. Mr. KING

ment should be appointed and be given authority to enter broadcasting stations for the purpose of reviewing scripts which had been broadcast, in order to ascertain whether or not they had been broadcast in the identical form authorized by the department. These representatives were also instructed to listen to broadcasts to see if they conformed with the script as approved by the department. In April, 1933, the Canadian Radio Broadcasting Commission, under the statutory authority which it had, promulgated certain regulations regarding the broadcasting of advertisements for food and drugs. These were known as regulations 90 and 91, and they read as follows:

90. No broadcasting station may broadcast any speech, printed matter, programme or advertising matter containing abusive or defamatory statements with regard to individuals or institutions, or statements or suggestions contrary to the express purpose of any existing legislation; as for example, the Patent Medicine Act or any regulations promulgated thereunder.

91. The Commission reserves the right to prohibit the broadcasting of any matter until the continuity or record or transcription, or both, have been submitted to the Commission for examination and have been approved by them.

Hon. Mr. SAUVE: That was mentioned in my remarks.

Hon. Mr. KING: Yes.

Right Hon. Mr. MEIGHEN: Would the honourable gentleman permit me to ask him a question, which he can answer probably as well as anyone? The motion affirms as a fact that there is an "increasing misuse of broadcast advertisements recommending panaceas" and so on. Does he think that is correct? I had the opposite impression, that that kind of thing had been greatly reduced.

Hon. Mr. KING: I thought so, too. I shall deal with that a little later on. At the moment I merely want to indicate the authority that Parliament has given to the department, and the arrangement entered into between the department and the broadcasting authorities, for the control of advertising relating to foods and drugs.

The agreement entered into with the Canadian Radio Broadcasting Commission was continued by the Canadian Broadcasting Corporation, and in 1936 the Broadcasting Corporation, under the statutory power it possesses, issued certain regulations regarding the control of broadcasts concerning foods and drugs. These are a little more extensive, and fully express the hope and desire of the department in the matter. They were promulgated under section 13 of "Regulations for Broadcasting Stations made under the Canadian Broadcasting Act, 1936." The section has

six subsections, and instead of reading them I ask permission to have them placed upon Hansard.

13. (1) No continuity advertising an article marketed under the Proprietary or Patent Medicine Act or the Food and Drugs Act may be broadcast until it has been approved by the Department of Pensions and National Health. Continuities submitted for approval shall be forwarded, in duplicate, to the Canadian Broadcasting Corporation, Ottawa, at least two weeks in advance of intended use. The formula for any article bearing a distinctive or trade name distinguishing it from any other product, and marketed under the Food and Drugs Act, shall be submitted with each pertinent continuity.

(2) No electrical transcription advertising an article marketed under the Proprietary or Patent Medicine Act or the Food and Drugs Act shall be broadcast by any station unless certified by an affidavit that the advertising continuity has been approved by the Department of Pensions and National Health.

(3) No announcer may broadcast any statement concerning any article marketed under the Food and Drugs Act or the Proprietary or Patent Medicine Act that is not contained in the continuity approved by the Department of Pensions and National Health.

(4) Testimonials referring to an article marketed under the Food and Drugs Act or the Proprietary or Patent Medicine Act shall be regarded as constituting a part of the advertising continuity.

(5) No continuity recommending any treatment for any ailment shall be broadcast until it has been approved by the Department of Pensions and National Health.

(6) Inspectors of Food and Drugs, Department of Pensions and National Health, are authorized to act as representatives of the Corporation for the purpose of enforcing this regulation.

I listened to and have since read the speech of my honourable friend from Rigaud (Hon. Mr. Sauvé), and I concur in much of what he said. He suggested that the department should deal more severely with elements detrimental to health, and he intimated that the departmental branch charged with the responsibility of doing this work was probably understaffed, comprising, as it does, only two persons. To a certain extent that is true. I have been in the office of these two employees, one man and one woman, whose business it is to review labels and the advertising matter submitted by the Canadian Broadcasting Corporation. If these labels and advertising matter conform to the department's requirements they are approved; if they do not conform, or are on the border-line, they are referred to the Chief Dominion Analyst, Mr. Lancaster. I know him very well. He is one of the senior officers of the department, a man who, I think, is seriously trying to protect the public against false advertising. If you asked people in the trade about him, they would probably indicate a feeling that Mr. Lancaster is over-scrupulous and over-careful. I know that when any of

these border-line cases are referred to him, he deals with the question very thoroughly and effectively.

As to the proposal that an educational campaign be conducted through the Press, the radio and schools, in regard to "the danger of the abuse of unsuitable foods and beverages," I should say that this is a matter to which the Department of National Health is undoubtedly giving very careful consideration to-day. Indeed, I feel sure that this matter is being given serious study by not only that department, but also the Departments of Health in all the provinces of Canada, in the United States, Great Britain and Europe and throughout the world.

The Canadian Broadcasting Corporation has co-operated to the fullest extent with the department, but some private broadcasting stations have not always done so. The broadcasting regulations that I mentioned have undoubtedly clarified and amplified the control over broadcast advertisements of foods and drugs. All broadcasts, whether they originate in Canada or in the United States, which are carried on the network of the Canadian Broadcasting Corporation or on private stations in Canada, are required to be submitted to the corporation for review by the department. This applies not only to broadcasts that are spoken by someone actually in the station, but to electrical transcriptions as well.

I think I may fairly say that the Department of Health came into being in 1918, towards the end of the last war. Prior to that the only matters of health that the Government of Canada seemingly was interested in were those coming under the headings of quarantine, immigration inspection and care of lepers, who were then quite numerous in this country. But out of the war arose a condition that made it necessary for the Government to establish some organization responsible for the care and treatment of our soldiers returning from Europe either wounded or ill. Before the Department of Health was established there was the Department of Soldiers' Civil Re-establishment, under which hospitals for the treatment of soldiers were built and operated.

Up to 1918 health matters had been entirely under the control of provincial Departments of Health, and in the Act setting up the Dominion department the Government—very wisely, I think—made provision for maintaining contact with the provincial authorities. This was done by the establishment of the Dominion Council of Health, composed of the Deputy Ministers of the Dominion Department of Health and the various provincial

Departments of Health. The contact with the various provinces which was made possible through this body has resulted in more or less uniformity in health matters throughout Canada. I will mention one important development attributable to the co-operative work carried on through this council. The country at that time was faced with the problem of controlling and treating certain diseases contracted during the war. For the control and treatment of venereal diseases the Federal Government voted a sum of \$200,000, which was supplemented by provincial appropriations, and in the larger cities of every province, I believe, free clinics were established under provincial jurisdiction. These appropriations were continued by the various governments from year to year. I am quite satisfied in my own mind that no expenditure ever gave a greater return to the people of Canada. To justify this opinion I need only cite the experience of one of the largest hospitals in Canada. Prior to the establishment of these clinics, actual blood tests of all patients entering that institution showed that 12.8 per cent of them were infected with some form of venereal disease, but in 1939 the same kind of tests showed the number of infected patients there to be less than 1.2 per cent.

In 1928 I happened to be Minister of the Department of Soldiers' Civil Re-Establishment and also of the Department of Health. It seemed to me and to the officers in the Department of Soldiers' Civil Re-Establishment that since the policy had been pretty well defined, it would be well, for the purpose of dealing with the treatment and care of returned soldiers suffering from disease contracted in the last war, to amalgamate the department with the Department of Health. To this end legislation was passed establishing what is now known as the Department of Pensions and National Health.

I should like to make clear that in the adoption of this course there was never any intention or desire to interfere with the independence of the Pensions Commission. However, I do think the amalgamation of the two departments brought about a closer relationship between the Pensions Commission and our various departmental hospitals throughout Canada.

I do not think it is realized what a tremendous work the department is doing in the care of the returned men of the last war and of this war. Throughout Canada from Halifax to Victoria we have established hospitals in which veterans of the last war are being treated for ailments contracted or injuries sustained during active service. In order that

honourable members may appreciate the extent of this work, I desire to put on Hansard the following particulars:

The total number of patients cared for by the Department of Pensions and National Health on January 31, 1941, was 4,720.

Veterans of the last war.. . . .	2,094
Present war	
On active service.. . . .	2,498
Discharged.. . . .	128

Total, present war.. . . . 2,626

Total patients.. . . . 4,720

These are cared for in the following way:

In departmental hospitals.. . . .	2,958
In outside hospitals.. . . .	1,762

Total patients.. . . . 4,720

Hospital beds:

Total patients in departmental hospitals.. . . .	2,958
Vacant beds.. . . .	1,327

Total beds in departmental hospitals.. . . . 4,285

Contracts with private hospitals are flexible as to the number of beds required, but a recent survey indicates that in an emergency 12,000 beds in non-departmental hospitals could be made available.

For the last three years the department has had the co-operation of the entire Canadian Broadcasting Corporation chain and of many private stations in presenting daily, over fifty-nine radio units, reminders to Canadians of the importance of health conservation. These broadcasts, consisting of fifty-word bulletins read by the station announcers, have all been written by the Director of Publicity and Health Education, with a view to reminding listeners of existing facilities in the Dominion for the maintenance of health. Frequently the public is told to maintain close relationship with the family physician, but care is taken at all times to avoid anything in the nature of medical advice or any injunction which would encourage personal diagnosis or home treatment. The response to these radio talks has been very gratifying, and the department has received applications for literature, which, I may add, is provided free to all who are interested in health conservation. At present over five hundred personal requests are received daily.

Last year the department distributed nearly a quarter of a million health pamphlets and several new booklets were prepared for the purpose of meeting demands for information

on numerous health topics. I have on my desk a number of these booklets, and in order to show the diversity and extent of the field covered, I might mention a few of the titles: Food for Health in Peace and War; Home Treatment; Rural Water Supply; Holiday Health; What You Should Know About Tuberculosis; Middle Age—Your Arteries and Heart. I understand the Canadian Medical Association has been very helpful to the department by furnishing much of the information embodied in these booklets.

The department has been encouraged in its work by the fact that many schools and labour organizations, and even large industries, have shown an interest in these radio broadcasts and health pamphlets. For instance, several big companies have asked for thousands of national health books for distribution to their employees, and have commended the department on this phase of its work. I understand the department has also had similar requests from health authorities in the United States, Newfoundland and Australia.

It should be pointed out that this radio work has been carried on from week to week without cost to the Government. This has been made possible because of the hearty co-operation not only of the C.B.C., but also of the private radio stations throughout Canada.

To-day research work on a considerable scale is being conducted in regard to what I may term the chemistry of the human or animal body; that is, as to what happens to food once it is taken into the mouth and passed through the digestive system into the blood and the glandular system. I believe that very valuable results will shortly accrue from these studies.

However much the scope of our knowledge may be enlarged in regard to health matters, we must not expect that the Department of Health will be able to prescribe for us en masse, for the simple reason that apparently Nature desires it otherwise. For instance, we know that no two stomachs nor two livers are alike, and that no two individuals react in the same way to physical or mental stimuli.

The department is carrying on important research work, and I was highly pleased with what I saw and learned in a recent visit I made to its laboratories. When I was Minister of the department the laboratories were situated on Elgin street in what was originally a hotel. In the basement of that old building a few officials carried on biological and chemical work under the most unfavourable conditions. The new laboratories on Sussex

street are admirably located and are equipped with facilities unsurpassed anywhere, and I have no doubt that our scientists in charge of those laboratories are as able as any who can be found on this continent or in Europe. They are engaged in research work requiring the most skilful technique. Last year, in order to carry on their biological tests, the laboratory staff raised 25,000 rats. They have also a plentiful supply of mice, rabbits, guinea-pigs, frogs and roosters. These animals are used in the testing of foods and drugs.

During the past few years great strides have been made in our knowledge of certain active principles known as vitamins. These are found in foods derived from both the animal and the vegetable kingdom. Vitamins are being discovered so rapidly that the staff can scarcely find means of testing their existence and extent in certain foods. The rats, mice and other animals I have mentioned are used in biological tests to determine the potency and quantity of vitamins in foods and also to ascertain the chemical composition of drugs. If members of this House or of the Commons wish to spend a pleasant afternoon, they could not better employ their time than by visiting these laboratories and acquainting themselves with the valuable work that is being done there.

During my visit I found that, in addition to the type of research work which I have described, the staff, in association with the bakers and millers of this country, were trying to develop a flour with a higher vitamin content. In the United States the millers are enriching their product by introducing vitamins directly into the flour. We are hoping to get similar or even better results by so milling the flour as to preserve the maximum vitamin content of the wheat itself.

Right Hon. Mr. MEIGHEN: I believe that under the supervision of the Research Institute of the University of Toronto that famous food research scientist of Clinton, Ontario—whose name I have forgotten at the moment—has developed a flour rich in vitamins. I know the flour is in production.

Hon. Mr. KING: I think it is being marketed with the knowledge of the department.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. KING: My information is that the department hopes as a result of its researches to discover a milling process that will preserve the full vitamin content of flour.

The Government has realized the value of certain semi-public organizations. From year to year grants have been made to such organizations as the Red Cross, Child Welfare,

Mental Hygiene, the Victorian Order of Nurses, and the Canadian Council of Health. These organizations have facilities for reaching the public and securing financial support, and it does seem to me that because of their closer association with the people they are able to carry on much more effective propaganda in support of health education than a department of Government can be expected to accomplish. In some cases I do not believe our Government departments could get the same results through the radio and the Press as are being obtained by the semi-public organizations.

The activities of the Red Cross are well known. At all times of emergency it is ready to relieve suffering, and in time of war its work is undoubtedly of great and continuing value. As honourable members are aware, it is international in scope. The Child Welfare organization is also a well managed institution. Its work is, I think, familiar to most of our provincial governments. In my province of British Columbia it performed a very valuable service by advising the provincial authorities on the care and disposition of orphan children. It is at present giving considerable study to the problem of caring for evacuee children from Great Britain and European countries.

In the development of a health programme many factors must come into the picture; for example, the province, the local community, voluntary agencies, and the Federal Government. Under our constitution the Federal Government can stimulate these agencies by sanctioning their activities and granting subsidies. There is no doubt that governments, as well as the people, are becoming more health-conscious. This is evidenced by the health programmes instituted by the British Government prior to the war. The measures taken have, I am sure, contributed to the maintenance of the public health during the trying times through which the British people have lived last fall and winter.

We have seen also tremendous strides in health matters in the United States. The Federal Government there, like our own, is somewhat limited in its action; but some two or three years ago it recognized the seriousness of conditions in regard to venereal disease, and Congress voted some \$650,000,000, to be expended, in conjunction with various State Health Departments, for the purpose of trying to control this menace. The Government, which is now engaged in reorganizing the country's defence services, apparently recognizes the importance of health measures in connection with its rearmament programme. I think I may quote briefly from an address

delivered by the President of the United States at the dedication of the National Institute of Health, at Bethesda, Maryland, in October of 1940. He said:

To-day the need for the conservation of health and physical fitness is greater than at any time in the nation's history....The total defence that we have heard so much about of late, that total defence which this nation seeks, involves a great deal more than building aeroplanes, ships, guns and bombs....We cannot be a strong nation unless we are a healthy nation. And so we must recruit not only men and materials, but also knowledge and science in the service of national strength....

We have recognized the strategic importance of health by the creation of a health and medical committee in the Council of National Defence itself. That committee has the job of co-ordinating the health and medical aspects of national preparedness. That committee is assisting the Government in the mobilization of the medical and health resources of the country to serve the best interests both of the military and the civilian elements of the nation.

To do this will require the best energies of the professional and technical leadership everywhere in the United States.

In December, 1940, the present Minister of Health, Hon. Ian Mackenzie, placed on Hansard a statement dealing with the rehabilitation of veterans, and post-war reconstruction. The Minister set out the studies and efforts to be undertaken to deal with these problems, and indicated that it was his purpose to establish in the department a new division, to be known as the Veteran Welfare Division. In the statement, which is well worth reading, because it is prepared with great care, the Minister indicates that inter-departmental committees are to-day engaged in a complete study, making use of the knowledge gained in the last war, so that when this war is over they will be in a position to deal with the problems that will follow in its wake. Under the War Measures Act, Orders in Council have been passed which make provision for the care of pensionable disabilities arising out of this war, and in the House of Commons a committee is now revising the Pension Act so as to make it applicable to present-day conditions. The proposed amendment will come to the Senate before the session closes.

A few moments ago I referred to several subsidized organizations which are engaged in issuing public health propaganda. I wish now for a moment to set out briefly what one of these organizations has contributed to the welfare of the general public. I refer to the Health League of Canada. The Director of that league has appeared before the Senate Committee on Public Health and Inspection of Foods on two occasions, when he so impressed the committee that it brought to the Senate resolutions commending the work of

the league and intimating that a further expenditure by way of public grant would be in the interest of the nation.

The Health League of Canada came into being in 1919. It was then known as the National Committee for Combating Venereal Disease. Later on, as the health field developed, it changed its name to the one it is now known by. In addition to a grant from the Federal Government it has received generous support from the public. It has existed for twenty years under the same president—I believe Mr. Justice Riddell is the president—and the same main officers.

One of its earliest and most useful contributions came when clinics were being set up throughout Canada. It produced two moving pictures, one known as "The End of the Road," and the other as "Damaged Lives." The last-mentioned picture was produced in Hollywood, California, under the supervision of the league, and has been shown in all English-speaking countries, as well as in many foreign countries, including the whole of Central America, India, China, the Dutch West Indies and the Philippines. Countless millions have seen the picture. In Great Britain in one year over five million people attended the showings.

I am advised by people in Toronto who are closely associated with health matters there that this organization did much to assist the City Health Department—which is one of the best municipal health departments in Canada—in making the people of Toronto conscious of the fact that it was possible to immunize their children against diphtheria. Prior to the campaign on immunization, there were, in a maximum year, 1,022 cases of diphtheria, with 65 deaths, in the city of Toronto. Since then there has been a gradual decline—I have a chart here showing the situation—and in 1940, much to the credit of the people of that second largest city in Canada, there was not one case of diphtheria. I am told that a similar campaign is being initiated in the great city of Montreal. If it is carried through to completion, the result there should be the same. I understand that already the Red Cross has immunized the children of Prince Edward Island. It is such organizations as this, which receive help from the federal and provincial authorities and have public support, that are able to do these things, and I am in favour of their being supported by the Federal Government to the extent, at least, of assuring the continuation of their administrative offices.

I am told, and I believe I may repeat it without fear of contradiction, that when the Government of Ontario decided that it would

be in the interest of the people to bring about the general pasteurization of milk in that province, this organization helped materially through its propaganda towards gaining the consent of the people of the province. I have here a memorandum from the Minister of Health of Ontario which shows what happened. The legislation which made pasteurization compulsory in all cities and towns came into effect in 1938. Other areas were designated later. In 1940 all cities, towns and villages having a population of five hundred or over were included, and ninety-eight per cent of the milk used in the province was pasteurized. Some of the results are these: the quality of the milk is better; there has been a reduction in disease; the mortality from typhoid fever in the province has dropped fifty per cent, until Ontario now has the lowest typhoid death-rate of any province in Canada, and a rate which is lower than that in most of the states of the United States. Similarly, there have been a drop of about forty-five per cent in the number of cases of undulant fever and a marked reduction in tuberculosis. Other diseases, such as paratyphoid, diarrhoea and enteritis among infants and young children, have likewise shown a downward trend. I have no doubt that when these figures are known and understood throughout the other provinces, there will be a similar development there in the matter of pasteurization.

Right Hon. Mr. MEIGHEN: Will the honourable gentleman permit me a question? I hope he will not object to giving his opinion, whatever it may be.

Hon. Mr. KING: Very good.

Right Hon. Mr. MEIGHEN: I do not question at all the statement that pasteurization reduces the danger of disease, but has the honourable gentleman any opinion as to whether or not pasteurization in any way impairs the nutritive value of milk?

Hon. Mr. KING: As I have no technical knowledge on the matter, I should not care to express an opinion. I know that the question raised by my right honourable friend has been uppermost in the minds of many people, some of whom are concerned with health matters. I think he would find upon inquiry that, generally speaking, persons who have made a study of this problem are convinced now that pasteurization does not deprive milk of any element essential to the nourishment of the human body.

Hon. Mr. BOURQUE: Did my honourable friend notice a recent statement in the Press to the effect that the American Medical Association has expressed an opinion against the pasteurization of milk?

Hon. Mr. KING: I think that is true, but I am advised that, generally speaking, the opinion prevails in health circles to-day that pasteurization has many advantages and does not have any deteriorating effect upon the nourishing qualities of milk.

Further examples could be given of the usefulness of such organizations as I have mentioned. I speak of them from knowledge gained as a physician and when I was Minister. I firmly believe that they are well qualified for the work they undertake, and that for the public funds voted to them the people get a manifold return. I have made it a point to speak of the Health League of Canada at this time because I regret to see that the federal subsidy to that organization, which was formerly \$20,000, has been cut to \$5,000. The Government has apparently thought the urgent demand for money to buy planes and guns justifies this reduction, but as a member of the Senate and a supporter of the Government I have no hesitation in saying I think this is false economy. The league is doing a good work in Canada. The services it is rendering in Quebec are recognized by the provincial Government, which is going to make a grant to the organization.

In closing, honourable senators, I express my conviction that from year to year, as we advance in our knowledge of health matters and more fully realize governmental responsibility with respect to them, the Department of National Health will become increasingly useful and important in this country. And I am sure other countries will witness a similar development of their Departments of Health.

On motion of Hon. Mr. Bourque, the debate was adjourned.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, I would ask that the Senate suspend its sitting for a few minutes while I endeavour to learn whether there is any likelihood that the two Supply Bills now under consideration in the other House will be sent over to us this evening.

The Senate adjourned during pleasure.

After some time the sitting was resumed.

Hon. Mr. KING.

ADJOURNMENT—WITHHOLDING OF EXEATS

DISCUSSION

Hon. Mr. DANDURAND: Honourable senators, there is a strong probability that two supplementary bills will reach this House to-morrow. I am told that they will certainly be passed by the House of Commons this evening. In these circumstances I would move that when the Senate adjourns this evening it stand adjourned until half-past two in the afternoon to-morrow. We may have the advantage of Royal Assent some time after 3 o'clock. If that proposal is agreeable to the Senate, such is my motion.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am not rising to object to the motion, but I desire to bring a matter to the notice of the leader of the House, and it may be impossible for me to do so to-morrow. I refer to the withholding of exeats from persons who wish to go to England to serve in some war capacity. I know restrictions must be placed upon the movements of Canadian civilians in the war zone. This is covered by an Order in Council of June 4 last, under which it is provided that civilians, particularly women, may not move there except by special permit. Permits, I understand, have been granted only to persons in the armed forces—women cannot be in these forces—and to minors whose parents presumably are overseas; also, I believe, to persons engaged in the public service of Canada.

The class which I have particularly in mind covers women applicants who desire to enlist in the Auxiliary Territorial Services of Britain. As we all know, the population of Great Britain is being combed through and through. Men well on in middle life are being impressed into service, and women with the requisite qualifications are being taken in large numbers into various auxiliary services which until recent months had been confined to men. The need of women for war service in Britain is recognized universally. There is no talk there of their not being needed. Their ranks are being combed through and through with the utmost thoroughness.

Now, there are in this country many women who have tried to get into those auxiliary services—purely, of course, out of a desire to do something in the great struggle. I have in mind one case in particular—and I presume there must be quite a number—where the applicant has been accepted by one of those auxiliary services, to be taken on the strength immediately on her arrival, because of her

qualifications, including ability to handle motor vehicles. She has been examined and accepted for a vital service at the battle front, subject only to passing a medical examination after arrival in England; and the record of her medical examination here shows she could not fail to pass such a test. Nothing more can be done in Canada to qualify her. She is not only eager, she has been pleading to go for almost a year; not at the expense of the public, but at her own. She cannot get an exeat from the Government of Canada. This to me seems indefensible. I have not communicated direct with the Department of External Affairs, because I had no reason to think any letter from me would get any further than the letters of those whose correspondence I read. The reply is stereotyped: "Here is the Order in Council. We have to confine exceptions to minor children and to women in the armed forces." Women cannot get into the armed forces, and they cannot get into the nursing service unless they are competent, qualified nurses. There is utter, steady ignoring of the fact that this person applying for an exeat has been accepted by the auxiliary services in England and wants to go.

This refusal to grant an exeat has continued month after month. I do not see why it should be. It is true we do not want women indiscriminately meandering around the war zone of Europe, but we are at a stage in this war where in many cases women can be just as useful as men. We have no such auxiliary war services in Canada, though the time may come when we shall need them. I hope it will not, but if it does it will be a much blacker day for us than the present. Why should not those who want to enter those services be allowed to go overseas? I cannot understand the refusal. The granting of exeat is in charge of the Department of External Affairs. I am told there are 1,500 similar cases. The department knows this person has been accepted for service overseas. Letters from the department lead me to believe that the other women are likewise qualified. If they are, why are exeat not granted?

A passport has been granted in this particular case, but transportation cannot be obtained without the exeat of the department, and, as I have said, this is refused. Not only does the department refuse, but the passport sent down for the purpose of getting the exeat is retained, and the sender cannot get it back. This would seem to indicate the officials of the department are not alive to their responsibilities. I have not spoken to the leader of the House; so he cannot be expected to know the facts; but I wish he would draw this case, and draw it energetically, to the attention of the head of the Department of External Affairs.

Hon. Mr. DANDURAND: I will certainly do so with pleasure. My right honourable friend thinks that the officials, faced with the Order in Council, will not take action. I should be very much surprised if knowledge of the situation described by my right honourable friend has not reached Council, for it is there that the prohibition originated. I know that at a certain period the authorities in London were reluctant to allow persons to come over to offer their services, there being no special need at the time. But since then, I recognize, the situation has changed considerably. I will find out whether after consultation with Great Britain the Order stands because of the decision of the two Governments. I will try to obtain the information desired, and even if we have adjourned I will communicate to my right honourable friend the answer I get from the Department of External Affairs.

The motion was agreed to.

The Senate adjourned until to-morrow at 2.30 p.m.

THE SENATE

Friday, April 4, 1941.

The Senate met at 2.30 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

THE ROYAL ASSENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Sir Lyman P. Duff, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 3.15 p.m. for the purpose of giving the Royal Assent to certain bills.

SUPPLEMENTARY 1940 WAR APPROPRIATION BILL

FIRST READING

A message was received from the House of Commons with Bill 25, an Act for granting to His Majesty aid for National Defence and Security.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND, with leave of the Senate, moved the second reading of the Bill.

He said: The purpose of this Bill is to provide for the amount of money spent during the year 1940-1941 for war purposes. It will be remembered that in August last, when the Minister of Finance asked for \$700,000,000, he stated that he might have to ask for a supplementary amount, which he then placed at \$240,000,000. In January last, at the time of the Dominion-Provincial Conference on the Sirois report, he thought the sum required would be about \$175,000,000. When the House reconvened he reduced this figure to \$150,000,000. This week, after a close revision of the expenditure, he brought to the House an estimate still further reduced, the amount asked being \$135,000,000, which includes \$15,820,700 to cover unforeseen contingencies. This is a considerably better figure than the Minister gave us last year. We have in consequence to register the fact that our war expenditure, apart from the \$15,000,000 asked under this Bill for unforeseen contingencies, has amounted to about \$815,000,000.

With this very brief explanation, I move the second reading of the Bill.

Hon. JAMES CALDER: Honourable members, I take it that this Bill covers only war expenditures.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. CALDER: As most of the money, if not all, has been spent, there is very little more we can do on this occasion than express the hope that the money has been well spent and every care has been exercised to secure as much economy as possible under the circumstances.

Inasmuch as the expenditure of funds is necessary for the prosecution of the war, I have no doubt that every member of this House agrees that we should spend every dollar that is required for that purpose. There can be nobody in this House who does not hold the view that Canada's stand in the present situation is the proper stand, and we must not hesitate to spend all the money needed and exercise every ounce of energy we have for the purpose of achieving the end which we all desire. We only hope that the Government, in the preparation of its estimates, and in the expenditure of the amounts voted, will exercise every care and put forth every effort to ensure that the money is properly spent and that economy is exercised wherever possible.

This is no time to criticize, no time to cause delay; but the time will come when there will be criticism. There is bound to be, for, after all, men are only human and make mistakes. We cannot all agree as to what should be done or what can be done. The time will come when the doors will be

Hon. Mr. DANDURAND.

opened and everybody will have the right to say what he pleases. I rather like the attitude taken by Churchill and Beaverbrook in the Old Country. They are not afraid of criticism. They welcome constructive criticism—yes, all kinds of criticism. They take the view that it is helpful. They say to Parliament, to the Press and to the public: "Keep on with it. It helps us to check up, to re-check, and to improve our efforts in so far as the administration of affairs is concerned." But in some Government quarters at Ottawa there is an inclination to be a little afraid of criticism, shall I say? I am talking not only of constructive criticism, but of any kind. My wish is that members of the Administration would endeavour to avoid that attitude and would not be afraid of criticism of any sort. After all, the Government need have no fear if its course is correct. I say this simply by the way.

Hon. Mr. HARDY: The honourable senator will not say, I am sure, that the Government is not getting its fair share of criticism, both the constructive and the other kind.

Hon. Mr. CALDER: Well, we have not had a great deal of it in the Senate this session.

Hon. Mr. HARDY: No, we have not.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND, with leave of the Senate, moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

APPROPRIATION BILL NO. 2

FIRST READING

A message was received from the House of Commons with Bill 57, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1941.

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, with leave of the Senate, I would move the second reading now. This Bill, too, covers expenditure for the fiscal year 1940-41, which ended on Monday last. It asks for \$78,744,584.32, to fulfil the demands that were made upon the Treasury by the various departments. These moneys have all been expended, and all the items have been closely scrutinized. I have

the impression that some of them were authorized by special warrants. The Bill was passed in the House of Commons last evening, after discussion lasting only an hour or two, on the understanding that when the main estimates for the current fiscal year come before the House any item in this Bill may be discussed and criticized. That is in conformity with the suggestion of my honourable friend who is leading the opposite side this afternoon (Hon. Mr. Calder). Some of the expenditures covered by this Bill are controllable, and others are not. In any event, we are simply asked now to approve payments which have already been made.

Hon. JAMES CALDER: Honourable senators, this is a perennial measure which springs into life around the close of the fiscal year. We all know it is impossible for any government to estimate exactly what the expenditures for a year will be. Unforeseen circumstances arise, and votes are found to be insufficient for work that has to be carried on. Then warrants have to be issued, and as a consequence there is this annual measure. Here again, as the honourable leader of the House has said, the money has already been expended. Without our having a knowledge of the details, nothing would be gained by discussing the measure at any length at all.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND, with leave of the Senate, moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

EASTER RECESS

Hon. RAOUL DANDURAND: Honourable members have heard the message advising us that the Right Honourable the Deputy of the Governor General will attend in this Chamber at a quarter past three for the purpose of giving Royal Assent to the Bills we have just passed, and as well to others, the most important being the Appropriation Bill granting \$1,300,000,000 for war purposes during the coming year, and the customary interim Supply Bill. After this ceremony we shall have finished our legislative labours for the time being.

The House of Commons intends to adjourn next Wednesday until April 28. It had been rumoured that before adjournment the Minister of Finance would bring down his Budget, but yesterday he stated that he would not be able to do so until after the Easter recess.

In these circumstances I have been asking myself what business could come to us from the Commons shortly after they reassemble on April 28, for I am convinced that they will take at least a couple of weeks, perhaps longer, to debate the Budget. Accordingly I have decided to move that when the Senate adjourns this evening it stand adjourned to Tuesday, May 13 next, at 8 o'clock in the evening. This will allow two weeks for the Commons to deal with the Budget. Then they will be engaged on consequential bills that flow from the Budget. In view of this, I would not dare tell my colleagues that there will be anything to engage our attention on the 13th of May, and, as I have a good deal of consideration for those senators who live far away from the Capital, I would ask them to watch progress in the Commons until within a few days of the 13th of May, in order to judge for themselves whether there is any likelihood of legislation being ready for us when we return here. If no bills reach us from the Commons, we may have to mark time for a few days and perhaps adjourn for a further period.

Hon. Mr. ASELTINE: Could not some arrangement be made to inform those of us who reside far away from Ottawa whether it is absolutely necessary for us to attend on May 13?

Hon. Mr. DANDURAND: I have had that in mind, and if three or four days before May 13 I can—

Hon. Mr. ASELTINE: Air mail would reach us in a day or so.

Hon. Mr. DANDURAND: I understand honourable senators would like to be informed whether it would be advisable for them to await action of the Senate on May 13. I will see what I can do to inform my colleagues.

Hon. Mr. ASELTINE: It takes four days for some of us to get here.

Hon. Mr. DANDURAND: I am keeping that in mind and will do my level best to accommodate my colleagues from the extreme West and East by informing them as to what the Senate may do on May 13. That is my motion.

Hon. Mr. HAIG: Will the notice to which the honourable leader refers be sent also to some of us who come from Manitoba?

Hon. Mr. DANDURAND: If that notice reaches members beyond Manitoba, it will certainly reach those in that province.

Hon. Mr. HAIG: If you send it, it certainly will.

Hon. Mr. DANDURAND: Yes. The Canadian Press Association could accept from me a notice which would cover the whole country.

Hon. Mr. HAIG: What I have in mind is this. The very able Clerk of this Chamber could be instructed to send us a message containing information on which we could judge for ourselves whether or not we should be in attendance on May 13. Before we resumed in March he very kindly sent me, at my request, a telegram containing information which was very accurate and very useful to me.

Hon. Mr. DANDURAND: His Honour the Speaker, the Clerk and myself will assume a certain responsibility in that respect.

I should perhaps add that in case between now and May 13 any emergent situation arises, His Honour the Speaker is clothed with sufficient authority to call us back. Of course, such action would be concurrent with the reconvening of the House of Commons.

The motion was agreed to.

The Senate adjourned during pleasure.

THE ROYAL ASSENT

The Right Honourable Sir Lyman P. Duff, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

An Act to authorize an Agreement between His Majesty the King and the Corporation of the City of Ottawa.

An Act to amend the Meat and Canned Foods Act (Fish and Shellfish).

An Act to amend the Precious Metals Marking Act.

An Act respecting the appointment of Auditors for National Railways.

An Act to amend the Trans-Canada Air Lines Act, 1937.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1942.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1941.

An Act for granting to His Majesty aid for National Defence and Security.

An Act for granting to His Majesty aid for National Defence and Security.

The House of Commons withdrew.

The Right Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, May 13, at 8 p.m.

Hon. Mr. HAIG.

THE SENATE

Tuesday, May 13, 1941.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

IAN BLADEN BUCKLEY

INQUIRY

Hon. Mr. MURDOCK inquired of the Government:

1. Is Ian Bladen Buckley, of Montreal, sometimes known as John Bladen Buckley, a Lieutenant in His Majesty's Canadian Active Service Force?

2. Was Ian Bladen Buckley, sometimes known as John Bladen Buckley, a Lieutenant in His Majesty's Force and located at Kingston, Ontario, in May, 1940; and if so, between what dates?

3. (a) Was Lieutenant Buckley in service and located at Petawawa in August, 1940, and if so, was he on leave of absence, or where was he located on August 6 and 7, 1940? (b) If on leave, from what time and date to what time and date?

4. (a) Was Lieutenant Buckley at Petawawa or on leave of absence on Friday, August 9, 1940? (b) If on leave, from what time and date to what time and date?

5. (a) Was Lieutenant Buckley at Petawawa or on leave of absence on Friday, August 16, 1940? (b) If on leave, from what time and date to what time and date?

6. (a) Was Lieutenant Buckley at Petawawa or on leave of absence on Friday, September 6, 1940? (b) If on leave, from what time and date to what time and date?

Hon. Mr. DANDURAND: I have an answer for the honourable gentleman as follows:

1. Yes.

2. Yes; 22nd March, 1940, to 23rd May, 1940.

3. (a) Yes. (b) He was at Petawawa camp on the dates mentioned. There is no record of his having been on leave on such dates, but after completion of the day's duties he may have been on verbal leave given by the Battery Commander, under which he would be required to be in camp before reveille the next day.

4 and 5. Answered by No. 3 (b).

6. (a) On leave. (b) No record available. See also No. 3 (b).

ALICE WEILL SEDLAK

INQUIRY

Hon. Mr. MURDOCK inquired of the Government:

1. On what date was Alice Weill Sedlak granted temporary entry to Canada?

2. On what date did an attorney, on behalf of Alice Weill Sedlak, make representations to the Government in connection with a desired divorce for Mrs. Sedlak?

3. On what date did the Divorce Committee of the Senate first hear representations made on behalf of Mrs. Alice Weill Sedlak, and what decision did the Divorce Committee make at that time?

4. On what date was the "temporary entry" status of Mrs. Alice Weill Sedlak changed?

5. Is it permissible, under the law of Canada, to grant a divorce to a person not a "Canadian citizen" as defined in the Immigration Act?

6. Is it permissible, under the law, for a petitioner to be granted a divorce from a respondent who has never set foot on Canadian soil, when the evidence is presented entirely by persons not citizens of Canada?

Hon. Mr. DANDURAND: The answers to the questions are as follows:

1. Mrs. Sedlak was granted temporary admission to Canada at Lacolle, P.Q., on the 15th September, 1939.

2 and 3. No information.

4. Mrs. Sedlak's status was changed from a temporary entry to a permanent one under authority of P.C. 408 of the 31st January, 1940.

5 and 6. No information.

CANADIAN NATIONAL RAILWAYS— CENTRALIZED TRAFFIC CONTROL SYSTEM

ANSWER TO INQUIRY

Hon. Mr. DANDURAND: Honourable senators, a question was put by the honourable gentleman from Westmorland (Hon. Mr. Black) concerning centralized traffic control. I said I would try to obtain the information which he was seeking. I now have the following from the Department of Transport:

Prior to the outbreak of war, a study was made of the line between Pacific Junction and Truro, because this section of the Canadian National was the most likely to be overstrained by war traffic. Certain improvements in sidings, etc., were made, but under heavy traffic conditions due to the war, further capacity is required. Double-tracking of this section of line would be very difficult, would involve a very heavy expenditure of money and would take nearly two years to complete. The railway management therefore decided upon the installation of centralized traffic control between Pacific Junction and Truro.

Centralized traffic control is a method of operating trains over a section of railway line without the use of train orders or time-table authority. A single operator, located at a central point, sets the switches and signals on the line by remote control, electrically operated. In effect, he gives orders to each train on the line by his control over all signals, also setting the switches of sidings for trains meeting or passing other trains. An electrically lighted diagram in front of the operator shows him the location of each train on the line, and the situation with respect to each signal and switch.

The system is so interlocked that it is impossible for the operator to set signals or switches improperly.

The primary purposes of a centralized traffic control installation are: first, to speed up operation, thus increasing the capacity of a line, and, second, although no less important, to increase the safety of operation.

Since 1927 the system has been installed by forty different railways in the United States and Canada for varying distances, several in excess of 100 miles. Typical examples are as follows:

Railroad	Location	Track miles
Boston & Maine—Rigby, Maine—Dover, N.H.		109
C. B. & Q.—Denver—Akron, Colorado		111
D. & H.—Schenevus—Delanson, N.Y.		94
Pennsylvania—Ben Davis, Ind.—West Casey, Ill.		129

The remote control and operation of signals and switches is not new in Canada, there being several installations on Canadian railroads of such operation where weather conditions are comparable to or even worse than those encountered on the line between Moncton and Truro. The fact that the centralized control is at a considerable distance from a switch or signal does not change the fundamental principles of the operation of the equipment.

If it were not for war-time traffic, there would be no justification for increasing the capacity of the Pacific Junction-Truro line by the installation of centralized traffic control. It can therefore only be looked upon as an expenditure chargeable directly to the war. After the war the equipment can be used to some advantage in its present location or transferred to other locations on the Canadian National.

The estimated cost of centralized traffic control, namely \$1,200,000, is the total cost, including premium on United States exchange, duty and all taxes. Approximately one-half of the estimated cost will be expended for Canadian labour and materials.

At present levels of traffic the savings in operation are sufficient to pay interest and depreciation on the cost of installing centralized traffic control.

Right Hon. Mr. MEIGHEN: Did the honourable leader say that this expenditure on the Canadian National Railways is to be chargeable to the war, because of the extra business that makes the expenditure necessary?

Hon. Mr. DANDURAND: I do not think my right honourable friend has quite understood the statement. It says:

If it were not for war-time traffic, there would be no justification for increasing the capacity of the Pacific Junction-Truro line by the installation of centralized traffic control. It can therefore only be looked upon as an expenditure chargeable directly to the war. After the war the equipment can be used to some advantage in its present location or transferred to other locations on the Canadian National.

The estimated cost of centralized traffic control, namely \$1,200,000, is the total cost, including premium on United States exchange,

duty and all taxes. Approximately one-half of the estimated cost will be expended for Canadian labour and materials.

At present levels of traffic the savings in operation are sufficient to pay interest and depreciation on the cost of installing centralized traffic control.

Right Hon. Mr. MEIGHEN: I assumed that the language used meant that this was to be chargeable to war expenditure. I do not take any other meaning from it, and I would ask the honourable leader to keep his eye wide open and see that the utterly false bookkeeping foreshadowed in that answer does not become effective. Why, if you charged this as a war expenditure, you would have to credit all the Canadian National's extra income arising from war traffic to the war account.

Hon. Mr. DANDURAND: I have simply given the statement that came from the Department of Transport, and will not attempt to discuss reasons for what is being done. As Canadian National Railways affairs are dealt with by what is virtually a standing committee of the other House, this matter may well be examined by that committee.

THE LATE SENATOR TAYLOR

TRIBUTES TO HIS MEMORY

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, it is my sorrowful duty officially to inform our Chamber of the demise of the Honourable J. D. Taylor under the most distressing circumstances.

Senator Taylor in the course of his career was a journalist, a soldier, and a parliamentarian. Journalism was his vocation and he followed it during most of his lifetime. He was attached first to the Ottawa Citizen and later became a member of the Commons Press Gallery as the representative of Ottawa and Montreal newspapers. He went to British Columbia in 1892 and made his début on the staff of the Victoria Colonist. In 1900 he joined the British Columbian, of New Westminster. It just happens that to-day we have received a special number of that newspaper celebrating its 81st anniversary. Senator Taylor directed the policy of the British Columbian for forty-one years. As a journalist he was notable for his clarity of expression and conciseness of style.

He took part in the Northwest Rebellion of 1885. He was made a lieutenant-colonel in 1913. In 1916 he raised and took overseas the 131st Battalion. As a soldier he won the admiration of his superiors and the devotion of his men.

Hon. Mr. DANDURAND.

Senator Taylor began his parliamentary career in 1908. Four years earlier he had run as a candidate for New Westminster without success; but he was elected in 1908, and again in 1911. While still a member of the House of Commons he was summoned to the Senate in 1917. I had not occasion to follow his career in the Commons. Probably some honourable gentlemen on this side and my right honourable friend opposite (Right Hon. Mr. Meighen) sat with him in the other House. However, in this Chamber I had opportunity to listen to many of Senator Taylor's speeches, and recognized his splendid training as a journalist, for he was well informed on all questions, past and current, which he reviewed editorially in each day's issue of his paper. I have often noticed that journalists excel in Parliament because of the conciseness with which they are able to present their views, and undoubtedly Senator Taylor was a master in this respect.

I desire to extend to the members of his family my most sincere sympathy.

Right Hon. ARTHUR MEIGHEN: Honourable members, the saddest thing that has come across my path for some time is the death, under very tragic circumstances, of J. D. Taylor.

My memory of him goes back to the Parliament of 1908-1911—for he entered the House of Commons in the former year, along with myself and others—and to the vigorous man in middle life who then came into the arena of Dominion affairs. The memory of him in those days is much more clear and definite than is the impression I have of him in later time, because since we have been together in this Chamber he has been much more silent, more pensive, and has contributed but rarely to our discussions. Those of us who sat with him in the House of Commons in former years could not but note that he discoursed only on matters on which he had special information. I cannot recall his taking part in the general debates at any time, but well do I recall the conviction and clear purpose with which he spoke on subjects that he thoroughly knew, and the unpretentious and chaste diction which was always at his command. The habits of the newspaper man, as the leader of the House has said, were always his. His style was direct, simple, lucid and penetrating. Those of us who have had the privilege, indeed the habit, of following him in the daily paper which he published with such credit and success over a period of four decades, know that he carried into his editorial efforts the same habits of mind, the

same simplicity, the same determination to say nothing except what would contribute towards the attainment of his very definite goal.

I was fond of J. D. Taylor, and all of us who were can find nothing but deep distress in the thought that his last hours were shrouded in such anguish and such mystery. He was a man in every sense of the word, masculine in every feature. He was a marksman of note and a soldier of some distinction. Had the days when he was a young man been such as surround us now, he would have taken an outstanding place. For his services in the Riel rebellion, as a young infantryman of twenty, he received from his Sovereign a mark of appreciation, of which he was proud all his years.

One thing that saddens me is the fact that last fall he lost his only son—an event which for some inscrutable reason I did not hear of. That loss to him would be just about all the human frame could bear. In that son he had great hopes. His son had taken the business cares from his shoulders and he looked forward to the carrying on by the son of what he regarded as an institution—the paper which had been his life work. Senator Taylor's wife died some four years before. So trial has pursued his steps for quite a length of time. But never did he complain, never did he seek to leave the impression that he was entitled to sympathy or special regard. I cannot recall that at any time in these years he asked for anything. He was self-reliant, independent; a man who knew what freedom meant, and that it imposed on him the single duty of carving his own destiny.

We join in extending to his two daughters, who remain, our very sincere and abiding sympathy.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Wednesday, May 14, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILLS

THIRD READINGS

Bill Z, an Act respecting Consolidated Fire and Casualty Insurance Company.—Hon. Mr. McGuire.

Bill C2, an Act to incorporate the Roman Catholic Episcopal Corporation of James Bay.—Hon. Mr. Coté.

DIVORCE JURISDICTION BILL

FIRST READING

Hon. Mr. COPP introduced Bill N2, an Act to amend the Divorce Jurisdiction Act, 1930.

The Bill was read the first time.

Hon. Mr. BALLANTYNE: Explain.

Hon. Mr. COPP: Honourable senators, under the present law a married woman deserted by her husband may institute divorce proceedings only in the province where her husband was domiciled prior to the desertion. In practice this has been found to work considerable hardship, for the woman, by reason of such desertion, may have been forced to move to another province. The purpose of this amendment is to enable the deserted woman to bring action for divorce in the province in which she is residing at the date of the commencement of such action.

CONFERENCES OF DEFENCE ASSOCIATIONS

MOTION FOR RETURN

Right Hon. Mr. MEIGHEN moved:

That an Order of the House do issue for a copy of the minutes of all meetings of the conference of defence associations held in the years 1932, 1933, 1934, 1935 and 1936, at the city of Ottawa.

Hon. Mr. DANDURAND: I confess that I am ignorant of the existence of any conference of defence associations from 1932 to 1936. Will my right honourable friend explain what it was and how constituted?

Right Hon. Mr. MEIGHEN: The conference is a well-known body, created, I believe, at the instance of the Department of National Defence. There will be no difficulty at all in identifying the body. The minutes are under the jurisdiction of the Government.

Hon. Mr. DANDURAND: Was it a private organization?

Right Hon. Mr. MEIGHEN: Oh, no. I could not accurately explain its relationship to the Government, but it is related to the Department of National Defence, and its minutes are in the custody of the department.

Hon. Mr. DANDURAND: Was it organized by Order in Council or by legislation, or was it merely a voluntary association?

Right Hon. Mr. MEIGHEN: I do not know whether the conference was organized under an Act or not, but I do know the various defence associations meet under the supervision of the Department of National Defence and make certain recommendations. Those recommendations are on file, and, I repeat, the minutes are in the custody of the department. Such is my information. Of

course, I should not expect the Government to comply with the order if it has not authority over the conference; but I am sure it has.

Hon. Mr. DANDURAND: Did the conference comprise defence associations in the various provinces, or those in Ottawa solely?

Right Hon. Mr. MEIGHEN: I think the organization was really created under the inspiration and direction of the department.

Hon. Mr. DANDURAND: I have no objection to the motion.

Right Hon. Mr. MEIGHEN: The conference is composed mainly of departmental officials.

The motion was agreed to.

PRIVATE BILL

REMISSION OF FEES

Hon. Mr. HAYDEN moved:

That the parliamentary fees paid upon the Bill C, intituled: "An Act to incorporate the Ukrainian Catholic Mission of the Most Holy Redeemer," be refunded to Messrs. Ewart, Scott, Kelley and Howard, barristers, Ottawa, Ontario, solicitors for the petitioners, less printing and translation costs.

The motion was agreed to.

DIVORCE BILLS

FIRST READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following bills, which were severally read the first time:

Bill O2, an Act for the relief of Gertrud Kohn Storper.

Bill P2, an Act for the relief of Frederick William James Hobbs.

ADJOURNMENT—SITTING OF COMMITTEE ON BANKING AND COMMERCE

Hon. Mr. DANDURAND: Honourable senators, I move that when the Senate adjourns this afternoon it do stand adjourned until Tuesday next, the 20th instant, at 8 o'clock p.m.

Right Hon. Mr. MEIGHEN: I suppose that is all right. It occurs to me, however, that the Standing Committee on Banking and Commerce is to meet immediately after the adjournment. I presume it has authority to meet during adjournments.

Hon. Mr. DANDURAND: I take it for granted that the Committee on Banking and Commerce, which adjourned this morning until after the meeting of the Senate this afternoon, has power to sit when this House

Right Hon. Mr. MEIGHEN.

rises. I would remind honourable members of the committee that immediately after the adjournment of the Senate the committee will re-assemble.

The motion was agreed to.

The Senate adjourned until Tuesday next at 8 p.m.

THE SENATE

Tuesday, May 20, 1941.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

REPORT OF COMMITTEE

Hon. Mr. HAIG, on behalf of the Chairman of the Standing Committee on Banking and Commerce, presented the report of the committee on Bill E2, an Act respecting United Grain Growers Limited.

He said: Honourable senators, the committee have examined this Bill, to which they have made certain amendments.

The Hon. the SPEAKER: When shall the amendments be considered?

Hon. Mr. HAIG: By leave of the Senate, now.

On motion of Hon. Mr. Haig, the amendments were concurred in.

THIRD READING

Hon. Mr. HAIG moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

DIVORCE BILLS

FIRST, SECOND AND THIRD READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first, second and third times, and passed:

Bill Q2, an Act for the relief of Vivienne Rhodes Whitaker Storey.

Bill R2, an Act for the relief of Dora Lemisch Boyer.

Bill S2, an Act for the relief of Muriel Mary Murphy Carvey.

Bill T2, an Act for the relief of Eileen Henrietta Seville Orchin.

Bill U2, an Act for the relief of Edythe Gertrude Dover Schawl.

Bill V2, an Act for the relief of Agnes Mary Johnson Messett.

Bill W2, an Act for the relief of Manson Wilton Roach.

PRIVATE BILL

REMISSION OF FEES

Hon. Mr. COTE moved:

That the parliamentary fees paid upon Bill C2, an Act to incorporate the Roman Catholic Episcopal Corporation of James Bay, be refunded to Messrs. Belcourt and Genest, barristers, Ottawa, Ontario, solicitors for the petitioner, less printing and translation costs.

He said: Honourable senators, as the name of the Bill suggests, this corporation is a religious institution. In such cases it is the custom to remit the parliamentary fees, except sufficient to cover the cost of printing and translating.

The motion was agreed to.

DIVORCE JURISDICTION BILL

MOTION FOR SECOND READING— DEBATE ADJOURNED

Hon. A. B. COPP moved the second reading of Bill N2, an Act to amend the Divorce Jurisdiction Act, 1930.

Hon. Sir ALLEN AYLESWORTH: Honourable members, this Bill proposes an amendment to the present law with regard to divorce jurisdiction, which amendment certainly seems to me to be one of great importance, and one which ought not to be passed without careful consideration. The present law on the subject is quoted in full in the explanatory note to the Bill. Reference to this will show that, under the statute with regard to jurisdiction in matters of divorce, any deserted wife who desires to take proceedings against her husband for absolute divorce must do so before the courts of the province in which the spouses had their matrimonial domicile immediately before the desertion. In other words, the deserted wife is limited, as to the jurisdiction of the courts to which she may resort, to the province of her husband's home. It is now proposed to change that altogether and to give the deserted wife the right to proceed to any province of the Dominion where there is a divorce court, and to choose that court for the hearing of her suit for divorce.

That is a pretty serious change, and the reasons for it given in the explanatory note are, I suppose, the only reasons that truly could be given for the introduction of this Bill. It is said that

As the law presently stands, the woman may bring suit only in the province where the

husband was domiciled immediately prior to the desertion. This condition of the law works a great hardship on the deserted married woman who by reason of such desertion may have been forced to move to another province from that where the desertion took place. It is unreasonable that she should have to take her action back to the former.

I cannot see anything unreasonable in it. That former province was her home. It was there that the spouses elected to live and establish their matrimonial domicile. The choice may not have been the wife's, but it certainly was made with her assent, and she is under as much obligation to look upon that province as the place of domicile as her husband ever is.

But, it is said, it is a hardship that she should not be allowed to perambulate, to leave the province of her domicile and take her cause of action along with her. If it is any hardship that she should be obliged to bring her action in her own province, it surely is just as much a hardship upon the husband that he should be taken to a foreign province for trial of the action against him. One can understand that if a man has deserted his wife no one will have much sympathy for him. But it is not a matter of sympathy; it is, it seems to me, a matter of ordinary justice. If he is charged with some matrimonial offence which would justify divorce, he is, I should think, entitled to have that cause of action tried where he lives, and where, presumably, he must have been when he committed the offence. If instead of the matrimonial offence with which the man was being charged it was some offence against the criminal law, no matter how trifling the penalty, he would have to be tried where the offence was committed. Why should there be any hardship involved in trying the matrimonial offence in the same jurisdiction?

But it is not the husband and wife alone who are concerned, and whose hardships are to be considered. There are some other people who have a right to be considered perhaps more than the parties themselves; I mean witnesses. If the deserted wife brings an action for absolute divorce upon the only ground upon which such actions are at present permitted to be brought, that offence will necessarily be one committed by the husband where he is living, and the witnesses to it must come from thereabout. Supposing the offence to have been committed in Nova Scotia, is it no hardship upon the Nova Scotia witness to be taken from his own home, perhaps to British Columbia, for trial of the wife's action, if the wife happens to have gone to British Columbia to bring her suit? It

would seem to me that under the provisions of this Bill there is room for ten times as much hardship upon innocent parties as there could be under the present law upon the deserted wife.

And it is not merely a question of hardship. It is, I urge, a matter of public importance whether or not any woman should have the legal right to select any province she pleases for the bringing of an action of divorce. That right is literally what this proposed amendment would confer. The only purpose of the Bill is to change the law so that the wife may bring such action in the province in which she is residing at the time of the commencement of the proceedings. It is not necessary that she should have resided there one day before the bringing of the action; if she is personally present in the province where her suit for divorce is brought, the courts of that province are given jurisdiction to hear and determine the case.

Think of the consequences which necessarily would result if this proposed amendment became law. Any deserted woman could, after consultation with her legal advisers, decide in which province of the seven in Canada where divorce courts are established she would like to have her divorce case tried. She having so decided, the papers necessary for the introduction of a suit could all be prepared in a solicitor's office and the good lady could carry those papers along in her travelling bag, and, as soon as she reached the desired station in the province selected, take a taxi to the law courts and institute proceedings. For she would be resident in that province at the time the action was begun; she would not need to have been there even overnight. To pass such an amendment is to go a long way afield. We often see references in the newspapers to Reno divorces, but I think it is the law even in Nevada that there must be some little residence beforehand to give jurisdiction to the courts of that state.

What possible jurisdiction, under circumstances such as I have indicated, could the courts of the province selected by the wife have over the absent husband? Very likely he would be glad to be rid of the woman and would not think of defending the proceedings; but if he happened to be a man with some regard for his reputation, and were innocent of the offence charged against him, and wanted to defend himself, he would have a perfect right to say to the courts of that province: "It is a province in which I have never set foot in my life, and your courts have no jurisdiction to decree a dissolution of my marriage contract."

Hon. Sir ALLEN AYLESWORTH.

But, apart altogether from any questions of jurisdiction or of the right of this Parliament to confer jurisdiction in a matter of this kind, is it expedient that Parliament should permit a proceeding such as this amendment would undoubtedly allow? Nothing is indicated in the Bill in the way of preventing the woman from resorting to one court after another if she fails in the first. If she has not made a good choice, if she fails in her first proceeding, all she has to do is to go on to the next province. She can try one after another until she finds one in which she is successful. It may be said that this would not occur in practice; but is it right that Parliament should pass a law which would permit such a state of things? I submit that the present law is right and proper, and that there ought not to be any change in this regard made in it.

There is just one other point. If the second reading is carried, and the Bill goes to committee, I should like to see one change made in the measure as now drawn. All the Bill does is to substitute for the present section 2 of the Divorce Jurisdiction Act a new section, in the drafting of which the old section has been taken (except in one respect), and redrafted or rearranged. All its provisions are repeated, with this change, which is of course the important one, about selecting any other province. The old section required that at the time of bringing her action for complete divorce the wife should still be residing apart from her husband. All the other requirements as to desertion, separation and living apart are repeated, and I cannot help wondering why the draftsman of the proposed amendment should have omitted this particular one. If the omission was intentional and this requirement is not restored, it means that after the desertion and living apart the couple might come together again and that the woman could, all the rest of her life, hold over the husband's head the threat of action, because, although again living with him, she would still preserve her right of action for divorce.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I suggest that this debate might be adjourned. I read the Bill pretty carefully, but I must admit that I missed one feature to which attention has been called by the honourable senator from North York (Hon. Sir Allen Aylesworth). There is no provision for two years' residence in the province in which it is contemplated the action will be taken. I could not support the Bill unless that defect were remedied. The objection of the honourable senator from North York is, in my judgment, fatal.

His later point also seems to have at least enough merit to warrant inquiry. He contends that in the absence of the specifications which the old law provides it may be held that, even though the facts as to desertion applied, and the spouses were living together again, the right of action would continue. If such is the case, that objection also would certainly be fatal.

On the merits I do not feel quite as strongly as the honourable gentleman from North York. It seems to me that inasmuch as the Bill provides that desertion is a condition precedent to the right of action, unless desertion were established the right of action in the other province to which the woman goes would not apply. If, further, there is a condition precedent of two years' residence, it is not unreasonable to say that a woman who proves such desertion and two years' residence should not be asked to return to the old province.

I call attention to this as well. I do not think it is good practice to have in the explanatory note anything more than an exposition of the meaning of the new law as contrasted with the law as it stood. The present explanatory note seeks to advance an argument on behalf of the change. That is not the true purpose of an explanatory note; indeed, it is a prostitution of its purpose.

If the honourable senator from Westmorland (Hon. Mr. Copp) is not very strongly urging the passing of the second reading to-night, I respectfully submit that it is not too much to ask that the Bill be not given second reading until an amendment so vital is made.

Hon. A. B. COPP: I assure both of my honourable friends that it is not my intention to press the Bill through the House. Personally I am not particularly interested in the matter, but this idea of putting a woman who has been deserted on a par with the husband has been under discussion for a number of years. As set out here, the present law imposes a very great hardship upon a woman who has been deserted by her husband, even though such desertion has been proven. Assuming that she originally belonged in the province of British Columbia, and married a man from New Brunswick and made her domicile there for a number of years, and finally was deserted there by her husband, it might be that she would have to return to her people in British Columbia or go there to secure employment. I quite agree that there should be a period of residence established. It seems to me that is the only point my honourable friend from North York (Hon.

Sir Allen Aylesworth) made. Undoubtedly there should be a period of residence of one or two years before she could bring the action. I feel that it would be a great hardship on her to have to go to New Brunswick from British Columbia simply because the husband happened to be residing in the former province when they were living as man and wife. Through his desertion he is the cause of her being in the position she is in, and it seems to me that she should be given the privilege asked for in the Bill. I would agree to any amendments to improve the Bill and make it safe.

As I have said, I have personally no particular interest in the Bill. I brought it here for the consideration of the House, and I am prepared to give it all the attention I can to work it out. I believe it would be in the interest of the husband as well as the wife—in fact, of all concerned in such unfortunate cases.

Hon. JOHN T. HAIG: Honourable senators, I want to join with the honourable senator from Westmorland (Hon. Mr. Copp) in asking that the Bill be allowed to go to committee, where we can discuss these amendments, and, if we think it desirable, insert them in the Bill. If you are not a large corporation lawyer, but one of the ordinary run-of-mine lawyers, you meet many people who are in difficulties and you recognize that the present law imposes a greater hardship on the woman than it does on the man, because usually he is earning the money. I agree with the honourable gentleman from North York that there should probably be a two-year residence period.

Hon. Mr. COPP: Hear, hear.

Hon. Mr. HAIG: In our province we frequently have cases in which the husband has gone to Saskatchewan or Alberta, and in order to secure relief the wife has to go to the province in which the husband resides, and to bring her witnesses with her.

We think we deal with quite a number of divorces in the Senate, but I may tell you that last year in Manitoba more than sixty decrees were granted. Therefore divorce practice in law is fairly common.

I would suggest that the Bill be allowed to go to committee so that these matters may be ironed out. I do think we should put the woman on an equal footing with the man, because, as anyone who has sat on the Divorce Committee knows, there are about five cases in which the applicants are women to one in which the applicant is a man. I think the

best place to try these cases is a court, and if we can give the women the same standing as men, we should do it.

Hon. J. A. CALDER: Honourable senators, after hearing the arguments advanced by the honourable gentleman from North York (Hon. Sir Allen Aylesworth) I doubt very much whether we should rush this Bill through. It is a very simple Bill, but there is a good deal of law involved. As there will be a great many people interested in it, I would suggest that not only this House but also the people in the country and the governments which may be concerned should have time to consider it. The Bill will reach committee in due course, and we can have a discussion then. A measure of this character should be carefully considered before its principle is adopted, and I would urge that the suggestion made by both the honourable senator from North York and the right honourable leader on this side of the House be carried out.

Hon. RAOUL DANDURAND: Honourable senators, since I first came into this House I have made it a rule not to enter into any discussion on the principle of divorce. I felt that in regard to a matter respecting which I could not say yes in approval, I was prevented from saying no. I desire to speak only on the question of procedure and equity. If a woman who has been deserted in one province, where she has lived, is given the right to take action in another province the day after she arrives there, then the respondent, if he wishes to defend himself, will have to bring all his witnesses to the place of trial. A number of months or years after the alleged offence, one of the parties will be taken from the jurisdiction of his own province and compelled to travel with his witnesses hundreds of miles from the place where the offence was supposed to have been committed. That, I submit, is a point to be considered.

Hon. Mr. COPP: The same thing applies to the woman. She is debarred from getting a divorce because, by reason of her husband's desertion, she is not able to go to the province where he resides. If it is difficult for a man to take his witnesses to the place where his wife is residing, it is equally or more difficult for the wife to take her witnesses to her husband's province in order to prosecute her case there. I think this Bill puts the man and the woman as nearly on a par as possible in this matter. I do not wish to press the Bill at all, but we are getting near the end of the session, we hope, and I think the Bill should at least go before committee, so that we may receive a report and give it consideration.

Hon. Mr. HAIG.

Hon. J. W. de B. FARRIS: Honourable senators, I think the principle of this Bill goes pretty far. Certainly from my point of view the House would not be justified in passing the principle with the idea that the Bill might be amended in the committee. Furthermore, I doubt very much whether the amendment proposed meets the criticism directed against the principle of the Bill. The common law rule—it was, I know, the rule in British Columbia until recently—was that there was jurisdiction for divorce only in the domicile of the husband. That was a very drastic rule, and, I think, wrong. It worked great hardships. A man might desert his wife and acquire a new domicile, and the wife would have to pursue her relief in the new domicile selected by the husband. That has been remedied. It is now proposed to carry the remedy to the other extreme—to allow a wife's selection, not of a domicile, which is the legal word that all lawyers understand in connection with divorce jurisdiction, but of mere residence, to be the test of the court's jurisdiction to hear her action for divorce.

It seems to me this Bill proceeds on the assumption that the husband is guilty and that the wife who brings the action is innocent. If that were always so, the Bill might be justified. But experience tells us that sometimes actions are brought that are not justified or have not a proper foundation. One must not overlook the fact that when a woman brings an action for divorce on the ground of adultery, another woman is involved in the action, and her honour may be at stake, even more than that of the husband and wife. She may be a married woman of respectability, and with children, and it may be highly essential that she defend the action, which impugns her honour and her virtue. I am not sure the two years' delay cures the situation. It seems to me it only aggravates it, since two years after an alleged incident a respectable married woman may find herself a co-respondent in a divorce action before a court two thousand miles away. I think this legislation has very serious implications, and to my mind it cannot be cured by the proposed amendment.

On motion of Hon. Mr. Calder, the debate was adjourned.

DIVORCE BILLS

SECOND AND THIRD READINGS

On motion of Hon. Mr. Robinson, Chairman of the Committee on Divorce, the following Bills were severally read the second and third times, and passed:

Bill O2, an Act for the relief of Gertrud Kohn Storper.

Bill P2, an Act for the relief of Frederick William James Hobbs.

BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, you will have noticed that our Orders of the Day contain no items other than those that have been taken up to-night. I have made minute inquiries from highly responsible parties in the other House, and am led to believe that no business will be sent over to us this week. In consequence, I assume the responsibility of moving that when the Senate adjourns this evening it stand adjourned until Tuesday evening next, at 8 o'clock. Before this motion is put, I would suggest that my honourable colleagues make an effort to be present here in the last days of this part of the session. I understand an effort will be made to finish the work and adjourn—the intention now being not to prorogue—by the end of next week.

The motion was agreed to.

The Senate adjourned until Tuesday, May 27, at 8 p.m.

THE SENATE

Tuesday, May 27, 1941.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

EXCISE BILL

FIRST READING

A message was received from the House of Commons with Bill 75, an Act to amend the Excise Act, 1934.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Hon. RAOUL DANDURAND: Honourable senators, I had intended saying a few words on the general financial plan of the Government in meeting the expenditure for 1941-42, but I think we have already discussed this matter, and I will postpone my remarks until to-morrow.

With the leave of the House, I will move that the Bill be now read a second time.

Right Hon. ARTHUR MEIGHEN: Honourable members, this Bill, of course, will pass. There is no explanation offered anywhere, and I do not think any is really necessary, but I wonder if the leader of the House can tell us why what would appear to be excise taxes on brewed beer and malt liquor are reduced. I do not want to be understood as complaining. My point is that we do not see taxes reduced much now, and unless these reductions are being made because of the operation of the law of diminishing returns, they should be eliminated from the Bill. There must be some reason, I suppose, and I should like to know what it is.

Hon. Mr. DANDURAND: If any honourable member desires to have clauses of this Bill explained, I would ask him to state his questions now, so that I may be able to give answers to them on the motion for third reading to-morrow.

Right Hon. Mr. MEIGHEN: The honourable leader of the House will notice that all down the line, in section 8, there are reductions. One opens one's eyes now at anything in the nature of a tax reduction. The other clauses of the Bill, I can see, are for purposes of administration. Certain functionaries in the tobacco industry are eliminated.

Hon. Mr. HUGESSEN: The right honourable gentleman is wrong in saying that taxes are to be reduced. The new taxes in section 8, on page 4, are increases in every case.

Right Hon. Mr. MEIGHEN: Oh, yes. The former taxes are shown on the opposite page. Well, that is more understandable. I could not imagine what had come over the Government that it should propose to diminish taxes.

The motion was agreed to, and the Bill was read the second time.

CUSTOMS TARIFF BILL

FIRST READING

A message was received from the House of Commons with Bill 76, an Act to amend the Customs Tariff.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Hon. Mr. DANDURAND: I move, with the leave of the Senate, that the Bill be read a second time now.

Hon. Mr. HAIG: Before the motion is passed, I should like to ask the honourable

leader whether the Bill as originally printed, and in the form in which it reached us, has not been changed in the House of Commons.

Hon. Mr. DANDURAND: Has my honourable friend a recollection of any change having been made?

Hon. Mr. HAIG: I may be wrong. I thought some changes had been made. However, they may not be in this Bill.

Hon. Mr. DANDURAND: If second reading is given now, I shall make inquiry and have an answer for the honourable senator to-morrow.

Right Hon. ARTHUR MEIGHEN: Honourable members, I want to say a word as to one feature of this Bill, so that the honourable leader of the House (Hon. Mr. Dandurand) may be ready with an answer to-morrow, on the motion for third reading. For the life of me I cannot understand why reductions are at this time made on certain articles in the tariff schedule. I cannot be wrong, for I see item 410d is now free in all three classes, and there cannot be any further reduction.

Hon. Mr. DANDURAND: What does it cover?

Right Hon. Mr. MEIGHEN: It covers "Well-drilling machinery and apparatus, and complete parts thereof, for use exclusively in drilling for water, natural gas or oil, or in prospecting for minerals." In ordinary times argument could be made for the putting of this item on the free list, but that argument has never before prevailed, however desirable such action may have been from one or more standpoints. The argument has not been considered sufficient. How can it be sufficient now? This Government—quite properly, in my judgment—forbade importation of many things, even though considerable enhancement might accrue to the revenue. There is a long list of forbidden articles, many of them most useful, and some that I think should not be excluded. Why was their importation forbidden? In order that we might the better preserve our exchange position by not purchasing too much American exchange, which is needed for other purposes. Reasons which in other years might have been, but were not, considered convincing enough for putting that class of goods on the free list should surely not be deemed to be convincing now, for undoubtedly our exchange position will be adversely affected all the more if those goods are exempted from tariff duties.

Hon. Mr. EULER: The Western Provinces want to develop their oil resources, and in order to do so they need to bring in this class of machinery free.

Hon. Mr. HAIG.

Right Hon. Mr. MEIGHEN: That is the argument my honourable friend might have advanced in other years. But it was not considered good enough then, when the reasons for removing the duty were much more powerful. How can the same argument be good enough now? This is something I cannot follow.

Hon. Mr. DANDURAND: There still lingers in my mind the statement by the Minister of Finance that he was not resisting pressure from the Western Provinces, which were trying to develop their oil production, and that he was giving them this advantage because it would be in the public interest and help in the carrying on of the war.

Right Hon. Mr. MEIGHEN: The force of that argument I quite admit. Though it may not be quite as strong in my mind as it would be in other minds, yet there is a great deal of convincing character to it. But that character was just as much inherent in the argument ten, five, or two years ago, as it is to-day. The argument did not prevail then. To-day you can set against it a most formidable case, namely, that we want to conserve Canadian exchange. We are going to extremes in other lines in order to do so. With the balance of argument very much stronger against exemption to-day than it was at that time, I cannot but express surprise that exemption is granted. It applies not only to this item, but also to others. I take this item merely as an instance. There may be reasons which would convince me of the desirability of this change, but I have not read them, and if such reasons exist I should like to have them given to the House.

Hon. Mr. EULER: It seems to me that my right honourable friend's argument defeats itself. He bases his objection on the fact that, if this machinery comes into Canada, money will have to be sent out, and this will be to the detriment of American exchange. Is it not just possible—I think it is quite probable—that if you permit this machinery to come in, even though it necessitates the use of a certain amount of American exchange, the result will be that there will be produced in Canada a quantity of oil which otherwise would have to be imported from the United States? I should think the exchange would be offset in that way.

Right Hon. Mr. MEIGHEN: There may be something in that argument, but it would have applied previously just as much as now, and I doubt very much whether we are going to affect the importation. I think the real result will be a reduction in revenue.

The motion was agreed to, and the Bill was read the second time.

EXCESS PROFITS TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 78, an Act to amend the Excess Profits Tax Act, 1940.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Hon. Mr. DANDURAND: With leave of the Senate, I move second reading of the Bill now.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I have read this Bill and the debate on it with some care, and I have pleasure in saying I think this measure very much improves the present Act in many respects. The House will recall that when the Act was before us a year ago certain members of this Chamber called attention to the unworkability of the referee clauses, and predicted that, if the task imposed on the board was to be discharged, that body would have as big a job as that of the Government itself—that it was impossible to discharge such a task. This Bill very much contracts the burden on the back of the referee board. I think that there will have to be still further lightening and simplification, but this Bill goes a long way, and the burden will not be more than a fraction of what it was. A company which claims, under either one of two clauses, to be entitled to relief has to set down its reasons, and then it has to state what its standard should be, the standard of the previous four years not being possible of application. As a result of the existing law, a company which had had all sorts of trouble or happened to be in an industry which had been depressed, struggling and driving against troubles requiring years to surmount, was penalized for its own distress. It was punished by an excess profits tax because, through its own efforts, it got out of its difficulties. Having effected economies and done everything an efficient company could do, it was made to pay two, three or four times as much as a company which all through the years had had a fair measure of success. Such a result, of course, was indefensible.

The present measure removes much of the objection and also relieves the board of referees. The company makes its own estimate, and if the Minister feels it is an improper one, he can refer the whole matter, together with the reasons, to the board, who

will have an opportunity of adopting standards and principles. Thus principles will emerge which would never have emerged from the previous system. I think the Bill is a great improvement in that respect, as well as in the fact that it gives some little relief to a company which for four years previously had perhaps the worst possible conditions to survive. The company now gets at least this relief, that if one of those years is bad beyond compare it can be eliminated from the standard period. A similar provision has been in the British Act all along.

There is a remarkable misunderstanding when it comes to a comparison of the excess profits taxes and the corporation taxes of the two countries. There is a general acceptance here of the idea that in Britain there is a tax of one hundred per cent, and that we, with a seventy-five per cent tax, pay much less. Such is not the case at all. The methods of computing excess profits are vastly different. I would rather have the tax of one hundred per cent as it is computed in Britain than our seventy-five per cent tax as we compute it.

There is another feature. The principle behind the British law is much the better. In taxing excess profits the British authorities go to the corporation, it is true, but in estimating the tax the corporation is to pay they lay down the principle in such a way as to be fairly confident that those excess profits are due to the war. Their main tax—one might almost say, up to the line of the excess profits tax, their only one—is not against the corporation, which is the instrument whereby the work of the country is done and the earnings are made, but against the individual who draws from the corporation. They have not a system of taxation such as we have had. We have had a tax of five per cent, then ten, then twelve and a half. Those taxes were heavy enough, but when the rate gets up to twenty or thirty per cent it is terrific. Only one concerned in these matters can realize what it means. The British authorities get just as much in taxes as we do; more indeed; but instead of going to the corporation, they go to the people who own it. The instrument which produces the wealth is left free and is encouraged; but when it pays dividends to its stockholders they have to pay. By a corporation being left comparatively free the stockholders get more, and the State gets more, and the tax is more equitable, because then it is in proportion to the ability to pay. There is no double tax, no discriminatory tax. When you go to the instrument which makes the wealth and

tax it, instead of going to the person who receives and enjoys the wealth, you get into difficulties all the time.

Hon. Mr. FARRIS: How does that work out in connection with foreign shareholders?

Right Hon. Mr. MEIGHEN: I was intending to come to that. The difficulty the honourable senator mentions is very great; and there is another one—that a corporation may hoard and not pay out; but the situation is covered in both cases. I am not just sure how it is done in Britain, but I can see how it could be done. A corporation could be penalized for laying aside reserve and not paying out. I am not saying that in such an instance a corporation would not be acting in accordance with the best business principle, or from patriotic motives. Perhaps it should have reserves against some future day, or some contingency it can readily see. However, if it has them, a tax can be put upon them. I do not know of any other way in which the undue hoarding of earnings can be prevented, and certainly it must be prevented if you are to go to the shareholder instead of to the corporation.

As to the foreigner, undoubtedly a heavier tax is involved; but I do not sympathize very much with those in other lands who howl against paying Dominion taxes in respect of interest and dividends on our securities. They have to take their chances with the nation when they invest here, and the taxes they pay go towards the preservation of the very securities they have. If the war is not won, what becomes of their securities? By studying the methods adopted in Great Britain to meet that very situation we could gain much. I shall not presume to state them now.

All I rose to say was this: I think the British principle is right, of encouraging the instrument that does the work and makes the money, and of getting at those who receive the money. If you strike at the instrument itself and levy very heavy taxes on it, and afterwards on the recipients, you do not get any more money. You can tax incomes to the utmost, and nobody can complain so long as he can live. You will get the nation's work done better if you do not strangle the instrument which operates to produce the nation's wealth.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the SPEAKER: When shall this Bill be read a third time?

Right Hon. Mr. MEIGHEN: This is a money bill, a taxation measure, and we would

Right Hon. Mr. MEIGHEN.

never think of defeating it, or of amending it in conflict with the decision of the House of Commons and the Administration; but I can see that we might be of assistance if we studied this Bill in detail in committee. I like the Bill in more particulars than I have mentioned. I recall that certain features which appear in this Bill were reviewed by our Banking and Commerce Committee when some submission was before it—I fancy it must have been the existing Act—and officers of the department argued with the members of the committee as to the need of amendments; two of which, as urged by the committee, now appear in this measure. It has occurred to me that we might be of a little assistance again. I do not believe in our amending a money bill without the acquiescence of the Administration, but I do not see any harm in the growth of a body of doctrine which admits of amendment in the Senate, provided such amendment does not in any way bring the Senate into conflict with the Commons.

Hon. Mr. DANDURAND: If I understand my right honourable friend correctly, he desires that this Bill be sent to the Banking and Commerce Committee.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Could he indicate one or two questions upon which he would like some enlightenment at that committee?

Right Hon. Mr. MEIGHEN: No, not with regard to this Bill. On the whole, I like this Bill very much, and consider it a great improvement on the present law.

Hon. Mr. DANDURAND: That is a good reason for taking third reading now.

Right Hon. Mr. MEIGHEN: A meeting of the committee would give us an opportunity for discussion, with one or two very competent officials, on the merits of the principle I have been seeking to expound here to-night and have sought to expound at other times, though perhaps not as directly.

Hon. Mr. DANDURAND: That favours the British system of taxing the shareholders and not the corporation?

Right Hon. Mr. MEIGHEN: Yes. The sooner we get to it the better.

Hon. Mr. DANDURAND: It would involve a transformation of our fiscal economy.

Right Hon. Mr. MEIGHEN: No, no transformation.

Hon. Mr. DANDURAND: I have no objection to our sending the Bill to the Banking and Commerce Committee. The committee would meet to-morrow morning, I suppose?

Right Hon. Mr. MEIGHEN: To-morrow, at eleven.

The Bill was referred to the Standing Committee on Banking and Commerce.

BUCKLEY DIVORCE BILL

REPORT OF COMMITTEE

Hon. Mr. ROBINSON: Honourable members, I have the honour to submit the forty-seventh report of the Standing Committee on Divorce, as follows:

The committee have, in obedience to an order of reference of the 2nd April, 1941, considered Bill O, an Act for the relief of Ann Elsie Buckley, and now beg leave to report the same without amendment.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Hon. Mr. ROBINSON: I move, with leave of the Senate, that the Bill be read a second time now.

The motion was agreed to, and the Bill was read the second time.

UNEMPLOYMENT INSURANCE BILL

FIRST READING

Hon. Mr. HAIG introduced Bill E3, an Act to amend the Unemployment Insurance Act, 1940.

The Bill was read the first time.

Hon. Mr. EULER: Explain.

Hon. Mr. HAIG: I intend to explain the Bill on the motion for second reading, to-morrow. I can do it right now, if honourable members wish.

Hon. Mr. DANDURAND: That would not be in accordance with the practice. The practice is to explain on the second reading.

Hon. Mr. HAIG: That is what I understood.

Hon. Mr. DANDURAND: No motion has been made to have the second reading of the Bill put down for to-morrow.

Hon. Mr. HAIG: I move that the second reading of the Bill be placed on the Order Paper for to-morrow.

Hon. Mr. DANDURAND: With leave of the Senate.

The motion was agreed to.

DIVORCE BILLS

FIRST, SECOND AND THIRD READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the follow-

ing Bills, which were severally read the first, second and third times, and passed:

Bill X2, an Act for the relief of Elizabeth (Elspeth) Brown Rattray Selkirk Morphy.

Bill Y2, an Act for the relief of Stanley Jackson.

Bill Z2, an Act for the relief of Vera Black Slatkin.

Bill A3, an Act for the relief of Stella Cohen Baboushkin.

Bill B3, an Act for the relief of Kate Abramovitch Reinblatt.

Bill C3, an Act for the relief of Dora Catherine Sullivan Evans.

Bill D3, an Act for the relief of Ilona Klein, otherwise known as Eleanor Klein.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Wednesday, May 28, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

GAME EXPORT BILL

FIRST READING

A message was received from the House of Commons with Bill 16, an Act to control the Export of Game.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. Mr. DANDURAND: Monday next.

INDIAN BILL

FIRST READING

A message was received from the House of Commons with Bill 24, an Act to amend the Indian Act.

The Bill was read the first time.

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. Mr. DANDURAND: Monday next.

EXCESS PROFITS TAX BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 78, an Act to amend the Excess Profits Tax Act, 1940.

The motion was agreed to, and the Bill was read the third time, and passed.

DIVORCE BILLS

FIRST, SECOND AND THIRD READINGS

Hon. Mr. COPP, for Hon. Mr. Robinson, Chairman of the Committee on Divorce, presented Bill F3, an Act for the relief of Leonard Moore. The Bill was read the first, second and third times, and passed.

THIRD READING

Hon. Mr. COPP moved the third reading of Bill O, an Act for the relief of Ann Elsie Buckley.

The motion was agreed to, on division, and the Bill was read the third time, and passed.

EXCISE BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 75, an Act to amend the Excise Act, 1934.

The motion was agreed to, and the Bill was read the third time, and passed.

CUSTOMS TARIFF BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 76, an Act to amend the Customs Tariff.

The motion was agreed to, and the Bill was read the third time, and passed.

DIVORCE JURISDICTION BILL

SECOND READING

On the Order:

Resuming the adjourned debate on the second reading of Bill N2, an Act to amend the Divorce Jurisdiction Act, 1930:

Right Hon. Mr. MEIGHEN: The last two orders called are not on the Order Paper in my possession.

Hon. Mr. MURDOCK: They were missed in the printing.

Hon. Mr. COPP: They have been on the Order Paper right along.

Hon. Mr. MURDOCK: They were missed by the Printing Bureau, and are being put on now where they should be.

Hon. J. A. CALDER: Honourable members, I looked at the Order Paper myself, and on the last page of the Minutes I found the statement:

The Order of the Day being called for resuming the adjourned debate on the motion for the second reading of the Bill N2, intituled: "An Act to amend The Divorce Jurisdiction Act, 1930,"

It was Ordered, That the said Order of the Day be postponed until to-morrow.

Hon. Mr. DANDURAND.

But on turning to the Orders of the Day I could not find this Bill mentioned. That seemed rather strange. However, if it is the wish of the House that the matter be proceeded with, I have no objection at all to going ahead.

I may say by way of explanation that my only object in moving the adjournment of the debate was to give honourable members of the House a further opportunity to consider the purpose and gist of this measure. After hearing the addresses of the honourable senator from North York (Hon. Sir Allen Aylesworth) and the honourable senator from Vancouver South (Hon. Mr. Farris), both able lawyers, and the remarks of the right honourable leader on this side of the House (Right Hon. Mr. Meighen), I thought it well that we should have further time to consider this matter. I have no desire to discuss it, because there is too much law in it for me.

Hon. A. B. COPP: Honourable senators, I do not intend to make any extended remarks on this Bill. As I said on moving the second reading, I am not urgently pressing the measure. It was placed in my hands, and after listening to the honourable senators from North York and Vancouver South I realized what I had rather anticipated, namely, that some amendment would have to be made to the Bill.

There are always many hardships and difficulties involved in divorce. However, divorce has been recognized in Canada for a long period of years, and, regardless of whether it is right or wrong, we have authority to deal with it, though applications may come before a court of competent jurisdiction, as well as before this Parliament. I have had ten years' experience on the Divorce Committee of the Senate, and while I have no argument to advance either for or against individuals, I am convinced that a large proportion of the applications that come before our committee—maybe as much as 75 per cent—result from neglect or difficulty for which men rather than women are to blame. All this Bill does is to put women as nearly as possible on a par with men in respect of applications for divorce.

When discussing the Bill the other day I instanced the case of a woman from British Columbia who married a man from the province of New Brunswick, lived with him in that province for some years, and later was deserted by him. Because of such desertion she may have found it necessary to go to another province for the purpose of supporting herself and, as there would be in many cases, one or more children. Or she may have been unable to earn a living and

have had to go for maintenance to her childhood home, or the home of some other member of her family. Assuming for the sake of argument that she was deserted by her husband in New Brunswick, that the desertion left her virtually penniless, and that for one reason or another she has taken up residence in British Columbia. The Bill does not specify what minimum period of residence would qualify her to enter action for divorce in the province where she makes her new home; but naturally a period of one or two years would be necessary. If the Bill were amended accordingly, the deserted wife could, after the required period of residence in British Columbia, bring action against her husband, who lives in New Brunswick. Under the present law she would be obliged to travel all the way to New Brunswick to institute proceedings, because the courts of British Columbia would have no jurisdiction to hear her case. That would work a great hardship to any woman who found herself in such a position.

My honourable friend from Vancouver South (Hon. Mr. Farris) said the other day that passage of this Bill could cause injustice, because two years after an alleged incident a reputable woman might be named as co-respondent in a divorce action before a court two thousand miles away. That is possible, but not very probable, for I believe I am safe in saying that in 98 or 99 per cent of the cases that come before us the co-respondent is unknown. However, I am prepared to admit that the possibility does exist, and that it is an unfortunate one. On the other hand, as the law now stands, a husband living two thousand miles away from his wife may take action for divorce and make it necessary for his wife to travel that distance to defend her honour and reputation.

All that this Bill attempts to do is to put the wife as nearly as possible on a par with the husband so far as the right to apply for divorce is concerned. As I said before, I am not pressing the matter unduly. I should like to see the Bill given second reading and referred for consideration to whatever may be deemed the proper committee. There it could be modified by as many amendments as were thought necessary to give both husband and wife a fair deal in the matter of making application for divorce. It always seems unfortunate that a married couple should decide to apply for a divorce, but we have to recognize the fact that such unfortunate developments do arise, and we should make provision for dealing with them as fairly as possible to all parties concerned. The present Bill simply seeks to remedy a situation that has been unfair to the woman

in many a case, because she has been put to far more expense than her husband would have been put to in applying for a divorce in similar circumstances.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I am glad the debate on the motion for second reading of this Bill was adjourned last week. It seemed to me that the Bill in its present form should not pass in face of the very formidable objection raised by the honourable senator from North York (Hon. Sir Allen Aylesworth) and the honourable senator from Vancouver (Hon. Mr. Farris). I understand that the sponsor of the Bill (Hon. Mr. Copp) is now prepared to accept an amendment providing two years' residence as a necessary prerequisite to institution of a divorce action by a woman in the province where she makes her new home after being deserted. On the understanding that such amendment will be acceptable to him, if to the committee, I am agreeable to second reading.

I approached the whole subject in an attitude of sympathy with the measure, and I cannot say that that attitude has been wholly changed by the discussion. However, representations have been made to me regarding actual instances where specific hardship would be created by the Bill. Naturally, and perhaps logically, the sponsor of the Bill proceeds on the assumption that generally, at least, the fault in cases covered by the measure is on the part of the husband. Well, a case brought to my attention presents—if the facts are as outlined—an entirely different state of circumstances. I can see where very serious hardship could arise under this Bill, because a woman's right virtually to sue her husband and have damages of reputation assessed against him may be exercised far from his home, at a place where he could not defend himself without going to great expense and inconvenience. That might happen in only a small minority of cases. At any rate, it could happen in some cases.

I have a thought in mind. Perhaps it would be better to present it in committee, but I may not be a member of the committee. It is this. The woman might be given the right to enter a petition in the province of her adoption, subject to approval by the courts of that province. That is to say, the onus would be on her to establish such facts as would convince the court that no injustice would be done by her action being taken where she lives rather than, as under the present law, where her husband has his domicile. And the courts could be empowered to receive, within a limited time, representations by affidavit or in other form from the

husband or someone acting on his behalf. It seems to me it would be quite practicable to provide precautions whereby a woman whose real object was to get away from her husband would be prevented from doing a gross and irreparable injustice to him by merely exercising her right under the Bill. This suggestion may be somewhat onerous to work out, but I do not think it ought to be, and I submit it for what consideration the committee may think it deserves.

If the amendment which I have already mentioned is acceptable to the sponsor, I am quite ready to support second reading of the Bill, on the understanding that there will be a reference to committee.

The Hon. the SPEAKER: Honourable senators, it is moved by Hon. Senator Copp, seconded by Hon. Senator Murdock, that Bill N2, an Act to amend the Divorce Jurisdiction Act, 1930, be now read the second time. Is it your pleasure to adopt the motion?

Hon. Sir THOMAS CHAPAIS: No.

Some Hon. SENATORS: Carried.

The Hon. the SPEAKER: Carried.

Hon. Sir THOMAS CHAPAIS: No, no.

Hon. Mr. DANDURAND: On division.

The motion was agreed to, on division, and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. COPP: Honourable senators, I move that the Bill be referred to a committee. I do not know which is the proper committee, whether the Committee on Private Bills or on Divorce. Perhaps it would be better to send it to the Private Bills Committee.

The motion to refer the Bill to the Standing Committee on Miscellaneous Private Bills was agreed to, on division.

Right Hon. Mr. MEIGHEN: Would it be possible for the committee to meet this afternoon? I understand adjournment of the Senate for some days is in contemplation. There happens to be an interested party in town, and it would be a convenience to him to be able to make representations before the committee this afternoon rather than have to return here especially for that purpose next week.

Hon. Mr. DANDURAND: Would he be here on Monday?

Right Hon. Mr. MEIGHEN: He could be here then, I suppose, but the fact is that he is here to-day. If the meeting is not held this

Right Hon. Mr. MEIGHEN.

afternoon, and the Senate does not meet until Monday night, the committee could hardly be called together before then.

Hon. Mr. COPP: It would suit me to have a committee meeting this afternoon, if we can get the members together. I should like to take advantage of this opportunity to ask members of the Private Bills Committee to meet after the Senate rises, say at 4 o'clock.

I move that the Standing Committee on Miscellaneous Private Bills be given permission to sit this afternoon at 4 o'clock.

The motion was agreed to.

Hon. Mr. DANDURAND: Perhaps the committee could sit to hear the witness who has been mentioned as being present in Ottawa to-day, and could then adjourn until Monday.

Right Hon. Mr. MEIGHEN: All right.

Hon. Mr. COPP: That would be all right.

The Senate adjourned until Monday, June 2, at 8 p.m.

THE SENATE

Monday, June 2, 1941.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PRIVATE BILL

COMMONS AMENDMENTS

The Hon. the SPEAKER informed the Senate that a message had been received from the House of Commons returning Bill B2, an Act respecting British Columbia Telephone Company, with several amendments, to which they desired concurrence of the Senate.

Hon. J. H. KING: Honourable senators, this Bill as amended was placed in my hands only this evening. The honourable senator from Vancouver South (Hon. Mr. Farris), who introduced the measure, is not here, and I think it would be well to refer it to our Standing Committee on Railways, Telegraphs and Harbours for consideration of the amendments. I may say that the company asked for an increase of capital from \$10,000,000 to \$20,000,000. In the Bill as amended the capitalization is reduced to \$11,000,000.

Right Hon. Mr. MEIGHEN: Is it the increase asked for or the total capital that is reduced?

Hon. Mr. KING: The increase asked for. It was argued in the other Chamber that

during war-time the company should not ask for so large an increase in capital, and the \$10,000,000 asked for was reduced to \$1,000,000, which would make the new capitalization \$11,000,000. That is the important provision of the Bill. In the absence of the honourable senator from Vancouver South, I move that the Order be discharged and placed on the Order Paper for to-morrow.

The motion was agreed to.

PENSION BILL

FIRST READING

A message was received from the House of Commons with Bill 17, an Act to amend the Pension Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Hon. Mr. DANDURAND: I have asked the Hon. Dr. King, who has been Minister of Pensions, kindly to take charge of this Bill.

Hon. J. H. KING moved the second reading of the Bill.

He said: Honourable senators, I have given considerable time and thought to the legislation which is now before us. The Pension Act was passed by the Canadian Parliament in 1919 and has been amended from time to time. When important amendments to pension legislation have been deemed desirable it has been the practice for a committee of the House of Commons to investigate the changes suggested and hear evidence in regard to them. In 1936 the opinion prevailed that the Canadian Government and the people of this country, through their Parliament, had done very well in pension matters, and that the pension law of Canada was as liberal as, and in advance of, that of most of the countries which had been engaged in the Great War.

When war came again in 1939, the Government was faced with the problem of applying our pension legislation to present-day conditions, and provision was made accordingly, from time to time, by Order in Council. The Government found many difficulties in the way, as the set-up of this war was different from that of the last war. In the previous conflict we had what was known as an expeditionary force, composed of men who had enlisted, and those men came under the pension law of that time. In this war there has been a great increase in the number of men engaged in the Navy and in the Air Force. They do not undergo the ordinary

form of military training, but are trained in institutions. The Minister asked a committee of his department to indicate what Orders in Council should be passed and become effective.

The purpose of the Bill submitted to Parliament this year was to bring into line and cover pensionable conditions as they exist at the present day. This Bill, introduced in the House of Commons, was referred by that House to a special committee of some forty members. I think it was a well selected committee. I had the pleasure of attending some of its sittings, and I may say the discussion was general and fair. The committee enlarged upon and went much beyond the Bill as originally proposed, and perhaps I may indicate the amendments suggested by the committee and now incorporated in the Bill. These results of the committee's deliberations have greatly broadened the scope of the Act.

The amendments may be divided into five groups.

The first group extends the basis of eligibility for pensions.

The second group eliminates a date which was set as a barrier to the award of pensions to men who have married since the last war. The date was advanced from time to time until 1936; then it was settled that the wife and children of a man who married after that year should not be eligible for pension. That dead-line has been extended by this Bill to 1942. In so far as the present war is concerned, the Bill sets no date as a dead-line, the committee having felt that this would have to be fixed from time to time as the authorities might consider advisable.

The third group has to do with a subject that has caused much worry and been of great interest to pension authorities in Canada. It widens the benefit for men serving in the Imperial forces. I think all honourable members realize that many men who went over and joined the Imperial forces in the last war found great difficulty afterwards in bringing themselves within our Pensions Act. This Bill makes provision for as far back, I think, as four years prior to the present war, to include men who went to Britain and became incorporated with the Imperial forces by joining the Royal Air Force or the Navy. They are now made pensionable.

The fourth group deals with very specialized provisions, all of which have been made less restrictive than they are in the present Act.

The fifth group consists merely of administrative amendments.

I would suggest, with the consent of the honourable leader of the House (Hon. Mr.

Dandurand), that the Bill be referred to the Committee on Banking and Commerce. There we should have an opportunity of learning from departmental officials and other persons familiar with pension matters the need for passing these amendments.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. King, the Bill was referred to the Standing Committee on Banking and Commerce.

WAR EXCHANGE CONSERVATION BILL

FIRST READING

A message was received from the House of Commons with Bill 77, an Act to amend the War Exchange Conservation Act, 1940.

The Bill was read a first time.

The Hon. the SPEAKER: When shall this Bill be read a second time?

Right Hon. Mr. MEIGHEN: I suggest that second reading of the Bill be taken to-morrow, as we shall have to devote the forenoon, at least, to the Bill which the honourable senator from Kootenay East (Hon. Mr. King) has just explained.

Hon. Mr. DANDURAND: Second reading to-morrow.

DOMINION SUCCESSION DUTY BILL

FIRST READING

A message was received from the House of Commons with Bill 79, an Act to authorize the levying of Duties in respect of Successions.

The Bill was read the first time.

APPROPRIATION BILL No. 3

FIRST READING

A message was received from the House of Commons with Bill 91, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1942.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Right Hon. Mr. MEIGHEN: Now.

Hon. Mr. DANDURAND moved the second reading of the Bill.

Hon. Mr. KING.

He said: This is the third Appropriation Bill. The sum of \$18,862,603.83 is asked for. Two other amounts are appropriated by this Bill. The first is \$595,102.58, as set out in section 3:

From and out of the Consolidated Revenue Fund there may be paid and applied, in addition to the amount granted therefor by section two of this Act, a sum not exceeding in the whole five hundred and ninety-five thousand, one hundred and two dollars and fifty-eight cents towards defraying the several charges and expenses of the public service, from the first day of April, one thousand nine hundred and forty-one to the thirty-first day of March, one thousand nine hundred and forty-two, not otherwise provided for, and being one-twelfth of the amount of each of the several items to be voted set forth in Schedule A to this Act.

The other amount is \$252,010.83. This is explained in section 4:

From and out of the Consolidated Revenue Fund there may be paid and applied, in addition to the amount granted therefor by sections two and three of this Act a sum not exceeding in the whole two hundred and fifty-two thousand, ten dollars and eighty-three cents towards defraying the several charges and expenses of the public service, from the first day of April, one thousand nine hundred and forty-one to the thirty-first day of March, one thousand nine hundred and forty-two, not otherwise provided for, and being one-sixth of the amount of each of the several items to be voted set forth in Schedule B to this Act.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND, with leave of the Senate, moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

DIVORCE BILLS

FIRST, SECOND AND THIRD READINGS

Hon. Mr. ROBINSON, Chairman of the Committee on Divorce, presented the following Bills, which were severally read the first, second and third times, and passed:

Bill G3, an Act for the relief of Dorrien Edson Weaver.

Bill H3, an Act for the relief of David MacDonald.

GAME EXPORT BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 16, an Act to control the Export of Game.

He said: Honourable senators, this Bill has been carefully examined in the other House and comes to us considerably altered—perhaps

more in form than in matter. I would suggest to honourable members that they direct their attention to the Bill as passed by the House of Commons last Friday rather than to the measure as it reached us on first reading.

The explanatory notes are as follows:

The purpose of this Bill is to provide a Dominion Act in aid of provincial game legislation which will prohibit shipments of game out of a province without proper provincial authorization and which by virtue of its being a Dominion law could be applied in any part of Canada with respect to any province. This involves an exercise of the Dominion's jurisdiction in respect of export either from Canada or from one province to another, a subject not within provincial jurisdiction.

The administration of wild life resources rests with provincial and territorial authorities, except that the Dominion Government, under the Migratory Birds Convention Act, makes and enforces regulations for the protection of migratory birds in fulfilment of its obligations under the Migratory Birds Treaty with the United States. All provinces and territories have enacted laws protecting wild life, thus carrying out their administrative responsibilities. It has been possible, however, for a person to violate provincial game laws and avoid payment of provincial royalties by removing the game or fur in his possession to another province. The result has been that the purpose of provincial laws protecting wild life is being defeated, and the provinces are being deprived of royalties due to them.

That is the sense of the Bill.

With the leave of the House I would read the statement made by the Minister of Mines and Resources when he introduced this Bill.

As honourable members are aware, the control of game, the licensing of hunters, permits to trap, and everything relating to the taking of fur-bearing or other wild animals, are wholly in the jurisdiction of the provinces within their respective boundaries. A province can take necessary steps to conserve fur-bearing animals within its own boundaries; that is, it can require a trapper to take out a licence to trap, to make a return of his take, and to give any other particulars that the provincial authorities may require of him. The same thing holds true with regard to the shooting of big game, in fact, the taking of any sort of wild animal for any purpose whatsoever.

A rather serious difficulty has, however, arisen in this respect. Frequently wild animals are illegally taken within a province. A province may declare a closed season for a period of time against the trapping or taking of beaver, for example; because, while beaver in large areas have almost disappeared, in our western provinces particularly, and also in the eastern provinces, there was a time in the history of this country when skins taken from beaver constituted a very large part of the total commerce in furs. A province may declare a closed season on beaver, and under those conditions it is illegal for anyone to trap or take beaver within that province. As frequently happens, however, some trapper who does not take out a licence, illegally and against the laws of the province traps beaver within the province and has the pelts or skins for sale. He cannot sell them within the province, because, if he attempts to sell within the province, he must

produce his licence or permit, and since none was issued to him he is in difficulties. But he will take these pelts or skins across the boundary into another province, and there is nothing in the laws of the second province that prohibits him from making a sale and putting the proceeds into his pocket. The purpose of this Bill is to overcome that defect, and it is sought to overcome it by means of proclamation in provinces where it is necessary—and eight out of the nine provinces have asked for it. Then it will be necessary, before the trapper who has taken skins illegally in Saskatchewan, for instance, can sell them in Manitoba, to produce a licence or permit to take them in Saskatchewan. If he is unable to produce a licence or permit showing that he has taken them legally, he is in difficulties in the province in which he tries to sell them. The furs can be seized and he can be charged and fined, or, if he fails to pay the fine, imprisoned. That, as simply as I can state it, is the purpose of the legislation.

I move the second reading of the Bill.

Hon. Mr. COTE: May I ask a question of the Government leader? I understood him to say that the Bill did not go to the Commons in the form in which it appears before us now.

Hon. Mr. DANDURAND: I was referring not to the Bill as now before us, but to the Bill as introduced in the House of Commons. Considerable discussion took place there of various aspects, and several amendments were made to the Bill as introduced in the Commons.

Hon. Mr. COTE: It may be a matter of detail, but I notice that under section 8 a justice of the peace may issue a warrant to enable a constable to search for game in a warehouse, dwelling-house, or any other place. This warrant may be given to a constable, which is quite proper, but the section goes on to say "or other person," which seems not quite so proper.

Hon. Mr. DANDURAND: What section is that?

Hon. Mr. COTE: Clause 8; "or other person." That is a very general and wide provision. I do not think a search warrant should be given to any person who is not a police officer, even if the choice of the person is left to the discretion of the justice of the peace, because the search may be made not only in the day-time, but at night as well. I am wondering whether that is one of the sections which have been amended. I do not think it should go through in its present form. I remember that last session or the session before, in connection with a similar law affecting the collection of duties and rates on furs transported from one of the western provinces to a place in another part of Canada, we referred a bill to a standing committee

in order to provide an essential guarantee against the abuse of the search warrant. I may be wrong, but it is my recollection that in the case of a search warrant authorizing a search in a dwelling-house at night, we provided that two constables should do the searching. According to this Bill, one person who is not a constable, and who may not be at all accustomed to this kind of work, would be allowed, under a search warrant issued by a justice of the peace, to break into the house of a peaceful citizen during the hours of slumber, and this is not quite in accordance with usage under the criminal law of this country.

Hon. Mr. DANDURAND: I may say that the House of Commons amended this measure in order to ensure proper authority being given to the party having in hand the warrant. The Minister, in referring to section 8, said:

When this section was under consideration before, it was suggested that before proceedings were taken an information should be laid. In order to meet this objection I shall ask my colleague to move that section 8 be amended by adding after the word "satisfied" in the first line thereof the words "by information."

This amendment was carried unanimously, having been approved by those who had previously taken exception to clause 8.

Hon. Mr. COTE: It is a very good provision that the justice of the peace shall receive his knowledge from sworn information, but that does not at all meet the objection I have made. Authorization for the search of a dwelling-house at night should be given to a police officer, or, better still, two constables. I am referring, not to a warehouse, but to a dwelling-house.

Hon. Mr. DANDURAND: I wonder whether my honourable friend has read clause 6:

Officers appointed under the game laws of any province, members of the Royal Canadian Mounted Police and of the police force of any province, and officers of customs shall be ex officio game officers and as such may exercise the powers and carry out the duties by this Act given to or imposed upon game officers and for the purposes of this Act and within the territory in respect of which they hold office shall have all the powers of a peace officer or a police constable.

Hon. Mr. COTE: That defines an officer, but the word "officer" is not used in clause 8; it says "some constable or other person." The other person may not be an officer.

Hon. Mr. CALDER: It should be "other person having the authority of a police officer."

Hon. Mr. COTE: Yes.

Right Hon. Mr. MEIGHEN: I suggest that this Bill go to committee. It seems to me

Hon. Mr. COTÉ.

the point taken by the honourable senator (Hon. Mr. Coté) is very sound, and that the difficulty could be easily remedied.

I have another difficulty. On page 3, in section 12 of the Bill, it is provided that when the Bill becomes an Act it may be called into effect by the provinces. My mind is confused as to what is going to be the result. For example, Manitoba may ask to have the law go into effect in that province, and a proclamation will be issued accordingly. Now look at the principal section of the Bill, section 3. It says:

No person shall knowingly,

(a) take, carry, send, ship, or have in possession for the purpose of taking, carrying, sending or shipping or receive for shipment or transmission beyond the limits of the province within which such game was killed any game except under the authority of an export permit duly issued under the laws of such province.

I think it is fairly clear—though not too clear—that in so far as Manitoba is concerned any person could "take, carry, send, ship, or have in possession for the purpose of taking, carrying, sending or shipping," if he got outside of Manitoba and the measure were in force in that province only. My main difficulty, however, is to be found in the application of subclause (b), which says:

No person shall knowingly,

(b) except as in this Act otherwise provided, have in possession, within Canada beyond the limits of the province within which such game was killed, any game not the subject of an export permit issued as aforesaid.

If this law is called into effect by Manitoba, it becomes effective within that province. If some fellow is found with game in that province, does this paragraph (b) apply to him?

Hon. Mr. DANDURAND: I would say, Yes.

Hon. Mr. HUGESSEN: Subsection 2 of section 12 covers that, I think.

Hon. Mr. DANDURAND: It is the very object of the Bill.

Right Hon. Mr. MEIGHEN: Subsection 2 of section 12 reads:

Paragraph (b) of section three shall be in force throughout Canada whenever this Act is in force in any province.

I am still confused. It seems to me that if the Act is brought into force in Ontario, Manitoba, or any other single province, it is at the same time made effective in every other province. Then why not say that it is effective in all other provinces? If the Act is made effective in Manitoba, for instance, a man in British Columbia who does what is forbidden by paragraph (b) of section 3 commits an offence. This legislating by provinces is not a very good principle.

The one thing I do like about the Bill is that it does legislate. It does not authorize the Governor in Council to legislate and to tell us later what he has done.

Hon. Mr. DANDURAND: It is quite clear that this Bill seeks to protect the jurisdiction and autonomy of the province, and that the Dominion's intention is to act only when a province needs federal support in having its own regulations respected in another province. I have no objection to sending the Bill to a committee.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

Hon. Mr. DANDURAND: This Bill is to be sent to a committee, but I do not know what committee it should be.

Hon. Mr. HARDY: Why not the Committee on Agriculture? This Bill has just as much to do with agriculture as it has with banking and commerce.

Hon. Mr. DANDURAND: No. It has to do with resources, but not agriculture.

Right Hon. Mr. MEIGHEN: The Chairman of the Committee on Agriculture (Hon. Mr. Donnelly) is not here. I think the Bill should go to the Committee on Banking and Commerce.

Hon. Mr. DANDURAND: When we are not certain to what committee a bill should be referred, we say the Banking and Commerce Committee. So I move that it go to that committee.

The motion was agreed to.

INDIAN BILL SECOND READING

Hon. Mr. DANDURAND moved the second reading of Bill 24, an Act to amend the Indian Act.

Right Hon. Mr. MEIGHEN: I am apprehensive that the honourable leader of the House (Hon. Mr. Dandurand) cannot explain this, because it is not a bill at all.

Hon. Mr. DANDURAND: Very likely what my right honourable friend resents is the power this Bill gives to the Governor in Council.

Right Hon. Mr. MEIGHEN: This is not a bill. It is just an authorization to the Governor in Council to legislate. He is empowered to prohibit or regulate or do what he pleases about the buying of wild animals and skins from Indians. Evidently it is

taken for granted that Parliament does not know what he ought to do. The Bill assumes that we know nothing about the subject, and asks us in our ignorance to be kind enough to empower the Governor in Council, when he gets to know something about it, to do something.

Hon. Mr. DANDURAND: At all events, I will try to explain the Bill. The explanatory notes say this:

Sections 40 and 41 of the Indian Act prohibit the buying or acquiring from any band or irregular band of Indians or from any Indian of any cattle, other animals, grain, root crops or other produce on reserves in the provinces of Manitoba, Saskatchewan or Alberta, or the Northwest Territories without the written consent of the Indian Agent where disposal is to be made to any person other than an Indian of the band, and these sections prohibit any Indian from selling the same to other than a member of the band without a similar consent. Section 45 of the Indian Act controls the bartering with Indians on reserves as aforesaid. These provisions were brought into the Indian Act in 1881, 1882 and 1890 respectively and were restricted to the reserves in the said provinces by reason of the fact that farming operations at that time were confined largely to Western Canada.

There is no provision in the Indian Act at present whereby any control is exercised over the trading in fur with Indians on or off reserves. The lack of such control has resulted in unfair dealings with the Indians in this regard. It is, therefore, proposed to give the Governor in Council authority to make regulations prohibiting and controlling the buying or otherwise acquiring from any Indian any wild animal or the skin or other part of such animal, both on or off reserves, in areas throughout the Dominion where circumstances so warrant. In such areas the regulations will authorize the granting of yearly permits to persons to trade with Indians upon such terms and conditions as may be considered necessary.

This explanation was enlarged as follows by the Minister of Mines and Resources when he introduced the Bill in another place:

It is intended to provide a measure of protection to Indians in the more remote parts of the country in the sale of their fur catch. Practices have developed, particularly in recent years, whereby traders, often more or less unscrupulous in character, journey to the remoter reserves, usually by aeroplane, at the time the Indians have their fur for sale. The Indian is not fully aware of the value of his fur, and the result is that often he disposes of it at prices very much below what it is worth. It is sought by this measure to bring such trading under proper control, by providing that the Governor in Council may, on the recommendation of the Indian Affairs Administration, create regulations which shall cover such traders, and under the regulations permits to trade will be provided before such traders can go to these remote reserves and do their bargaining with the Indians. It is intended further, that the regulations shall provide that traders shall make a report to the Indian Affairs Administration of the furs they purchase and of the price they

have paid for them. In that way we can bring about a measure of control which to-day is very badly needed.

The importance of this measure will be apparent to the committee when I say that practically one-third of the Indian population of Canada, which now numbers approximately 118,000 or 119,000, lives in the more remote parts of the various provinces, particularly Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, and in the Northwest Territories. These Indians have no means of subsistence other than their fur catch. It is consequently to them, and I might add to the Government, a matter of great importance, that as far as possible they shall secure the full value of their fur catch.

Right Hon. Mr. MEIGHEN: Honourable members, for years we have had a lot of this kind of alleged legislation, but never have I seen an instance where a concoction of words described as a bill was such a monstrous perversion of language as this. This is not a bill at all. It legislates nothing. It provides that the Governor in Council may legislate to prohibit and to regulate. How he will both prohibit and regulate, I do not know. Once a trade is prohibited, there is not much left to regulate. However, this empowers the Governor in Council both to prohibit and to regulate in any way he desires. And we call this a bill! Then we go on to say that we will provide now a penalty to be inflicted upon any unhappy individual who violates a law you may make some day, a law about whose provisions we have not the least idea.

The explanatory note tells us what the present law is. It says that trade with Indians is restrained and the Indian protected chiefly by provisions in section 45 of the Act which were enacted in 1881, 1882 and 1890. Honourable members will observe that those provisions were not made by Order in Council; they were passed by Parliament. The members of the Parliament of those days decided what protection should be afforded the Indian; but we are regarded as a mass of senility and helplessness, and in our helplessness we are called upon to authorize the Governor in Council to make whatever law he deems necessary. I intend to oppose this measure, as it is an insult to the Senate and was an insult to the Commons.

Hon. Mr. DANDURAND: Before this Bill is put to a vote I will ask that the debate be adjourned, in order that I may have an opportunity of looking into the Acts of 1932-33 and 1934, which were passed by the Administration of my right honourable friend. I may find that Orders in Council were not so abhorrent to him then as they are to-day.

Right Hon. Mr. MEIGHEN: When the principles of the law are laid down in a measure, there is nothing wrong with provid-

Hon. Mr. DANDURAND.

ing for detailed application by Order in Council. That is necessarily done in most important legislation. But no principle whatever is laid down here. Under this measure we simply throw our hands helplessly in the air and say: "Something needs to be done. But, Heaven help us, we do not know what it is. Therefore, we ask the Governor in Council to think the subject out, and to do what to him seems meet and just."

Hon. Mr. DANDURAND: There may be a number of reasons why it should be done this way.

Right Hon. Mr. MEIGHEN: There is no reason; there cannot be any.

Hon. Mr. DANDURAND: The Bill covers trade with Indians in three western provinces and the Northwest Territories, and it may be that different regulations are made necessary by varying geographical conditions. As I have not looked into this point, I know nothing about it. An adjournment of the debate would give me an opportunity to learn why it is desired to empower the Governor in Council to make regulations for prohibiting and controlling this trade. The Bill clearly sets out this principle: that the Governor in Council may act for certain purposes and within certain limitations.

Right Hon. Mr. MEIGHEN: What is the principle? It is the need of some law.

Hon. Mr. DANDURAND: The principle is that

The Governor in Council may make regulations to prohibit and control the buying or otherwise acquiring from any Indian, non-treaty Indian or band or irregular band of Indians any wild animal or the skin or other part of such animal. Without restricting the generality of the foregoing the regulations may prescribe:—

(a) That the Superintendent General or Agent acting on his behalf may issue permits to buy or otherwise acquire any wild animal or parts thereof as aforesaid and may fix the terms upon which such permits may be issued;

(b) That a fine not exceeding five hundred dollars or imprisonment for a term not exceeding six months or both fine and imprisonment may be imposed for any violation of such regulations.

Where the Superintendent General or Agent acting on his behalf, has reason to believe that the regulations have been contravened in respect of any wild animal or the skin or other part of such animal he may seize such animal or any part or parts thereof wherever found and bring the same before any judge, police or stipendiary magistrate, two justices of the peace or Indian Agent and on proof that such contravention has occurred such animal or part or parts shall be declared forfeited to His Majesty. Any animal or part thereof declared forfeited hereunder shall be disposed of as the Superintendent General may direct.

All this would be in the statute—

Right Hon. Mr. MEIGHEN: Not necessarily.

Hon. Mr. DANDURAND:—and my right honourable friend would think it splendid legislation. But because the Bill defines the jurisdiction of the Governor in Council, and states how by authorization to the Superintendent General, or Agent acting on his behalf, certain things shall be done, my right honourable friend is scandalized. Lately he has affirmed the authority of Parliament as against delegation of power to the Governor in Council. But that delegation of power to the Governor in Council comes from Parliament itself, and when the two branches of Parliament have delegated such power, the Governor in Council is clothed with all the authority of Parliament.

Right Hon. Mr. MEIGHEN: Certainly he is delegated. But my argument is, he should not be delegated with authority to lay down the lines of the law; that is all. The honourable gentleman says the Governor in Council is restricted here. He is not restricted by a single sentence. His hands are not tied at all. He can make any regulation he likes in order to control this trading, or to prohibit it entirely if in his wisdom he thinks it better to do so. We have no part in those regulations; when passed they will be published in the Canada Gazette, but will not appear in a statute. The first law, relating to domestic animals and farm products, passed by Parliament in the regular way, is to be found in the statutes, where all may read it; but when it comes to furs, we have a Parliament so helpless that it is asked to let the Government of Canada have carte blanche.

Hon. Mr. DANDURAND: Very likely my right honourable friend proceeded in this way dozens of times when he sat in my seat.

Right Hon. Mr. MEIGHEN: No, I do not think he will find I did so.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: I know men who roared throughout the length and breadth of this country against the very horror of Orders in Council, but never did I. Orders in Council in their place are right and proper. But Orders in Council can never take the place of broad lines of legislation. They must grow out of legislation and give effect to the intent which is specifically laid down.

Hon. Mr. DANDURAND: That is done now by this Bill.

Right Hon. Mr. MEIGHEN: No, there is not a single principle laid down in legislation; not one item; there is only authority given to someone to take action.

Hon. Mr. CALDER: Honourable members, I dare say there may be necessity for change in administration of the law regarding trading with Indians for furs, but as yet it has not been made quite clear to me. As I understand it, at the present time all through that north country any person can trade with an Indian; there is no restriction. Now apparently something has happened. I dare say the aeroplane has had something to do with it.

Hon. Mr. DANDURAND: So the Minister says.

Hon. Mr. CALDER: Yes. At any rate something has happened, and now it is proposed to allow trade with the Indians, not by any person who wishes, but only by such persons as are selected by the Indian Department officials. That is my understanding.

Hon. Mr. DANDURAND: They must obtain a permit.

An Hon. SENATOR: They are on the spot.

Hon. Mr. CALDER: Yes; and they may have their favourites, and the permits may be issued under conditions by certain persons. At least, Parliament should decide the principle upon which those permits are to be granted. It should not be left in the hands of individual Indian agents or officers. I am not making any accusation against officers as a class, but we know what can happen and what may happen under such legislation. For that very reason I agree with my right honourable friend to my left (Right Hon. Mr. Meighen) that when we undertake this class of legislation we should know at least the basic principles of the law under which we are working. As has been said, we are not making any law at all. We are simply proposing that the Governor in Council, through certain officers, may do certain things, and we do not know the principles upon which those things will be done. At least, this Parliament is not laying down the principles upon which they shall be done. It looks to me like bad legislation. Once we decide on the basis of a law, we should not hesitate to give power by Order in Council to administer that law.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. CALDER: That is an entirely different thing. There is no harm in an Order in Council that is made for the purpose of administration of a law which Parliament has passed. But, as has been well said, we are not passing any laws in this case; we are simply giving authority to make laws, which is an entirely different thing. I think the Bill should go to committee, and we should

have those in authority who know something about what they want come before the committee and explain the situation a little more fully.

Hon. Mr. COTE: Honourable members, the explanatory note states that sections 40 and 41 of the present Act prohibit the buying or acquiring from any band or irregular band of Indians or from any Indian of any cattle, other animals, grain, root crops or other produce on reserves in the province of Manitoba, Saskatchewan or Alberta, or the Northwest Territories, without the written consent of the Indian Agent. I quite realize that domestic animals only are dealt with in those sections, and that they forbid sales from an Indian to a person outside the reservation except with the consent of the Indian Agent, and probably subject to certain rules he has adopted or which the department has directed him to follow. I am wondering why the Minister of the department promoting this legislation has decided it is necessary to adopt another procedure when dealing with wild animals; that is, to have control regulated by the Governor in Council. When this Bill comes up again for discussion, perhaps the honourable leader of the House will be kind enough to give us the reason why a procedure already adopted in reference to domestic animals is departed from in this instance.

Hon. Mr. DANDURAND: Since we have referred to the Banking and Commerce Committee the preceding Bill, dealing with the fur trade, I ask that this Bill be read a second time and referred to that committee. Then we shall have the officials of the department before us on the two Bills.

The motion was agreed to, and the Bill was read the second time.

On motion of Hon. Mr. Dandurand, the Bill was referred to the Standing Committee on Banking and Commerce.

UNEMPLOYMENT INSURANCE BILL

MOTION FOR SECOND READING

Hon. JOHN T. HAIG moved the second reading of Bill E3, an Act to amend the Unemployment Insurance Act, 1940.

He said: The purpose of this Bill is to provide that the Unemployment Insurance Commission created by the Unemployment Insurance Act, 1940, shall co-operate with other authorities in the Dominion or provinces for the purpose of collecting information concerning any plan for providing medical care or compensation in cases of ill health. In a word, it simply gives authority to the commission to gather information.

Hon. Mr. CALDER.

In order that there may be no misunderstanding of my remarks, I wish to put on record a memorandum, or, as they say in another place, "I shall pay close attention to my notes."

Hon. Mr. LACASSE: In other words, you will read.

Hon. Mr. HAIG: It is unfortunate that the Unemployment Insurance Act, 1940, did not include health insurance. Even if there was some reason for deferring health insurance, the Act surely could have gone to the extent of making it mandatory for the commission to make an investigation of health matters, as was done in the 1935 Bill, in this way preparing the way to bring in health insurance at a later period.

However, may we not properly consider that the Unemployment Insurance Act is the first step in necessary social legislation, and that the next step will be a health insurance scheme?

This Bill will give authority to the Unemployment Commission to collect information on health matters from the various provinces, and also from the Canadian Medical Association or other bodies concerning plans for providing medical care, or compensation in case of ill health. The data collected by the Unemployment Insurance Commission will form the basis for health insurance legislation.

Compulsory health insurance is more ideal than voluntary health insurance, because it accomplishes more for a greater number. Health insurance, through which the employer, the employee and the State make contributions to a common fund, provides a means whereby the individual may secure the necessary medical care without being harassed by the thought of inability to pay for such care, should the necessity arise.

None of the health insurance laws that have been studied can be accepted as a model. Weaknesses are to be found in all of them. The experience of other countries, however, should be of great assistance to Canada in moulding her health insurance legislation.

There are many arguments in favour of health insurance being national in scope and application. It would appear unlikely, however, from the various studies and judgments which have been handed down, that Canada could hope to have a national Health Insurance Act exactly like that which exists in Great Britain or other countries. In spite of the British North America Act, there appears to be no sound reason why Canada cannot have health insurance which is national in scope, with national leadership and assistance, and provincial in some respects, especially in the field of administration.

During recent years much study has been given to the subject of health insurance in this country—and, I may say, in other countries—and perhaps no more comprehensive study has been undertaken by any group than has been carried out by the Canadian Medical Association. The Association has laid down what it believes to be certain guiding principles which should form the foundation upon which health insurance should be built in this country.

Health insurance is most applicable to low-wage earners and middle income class persons, and should not be inclusive of all the higher income groups, because if it applied to everyone in the State, that would be an invitation to state medicine, which I believe to be entirely undesirable for Canada.

What do we mean by state medicine? It has been clearly defined as a medical system by which the doctors are hired, paid and controlled by the State, there being no free choice of doctor by patient, or other doctor-patient relationship, which is so fundamentally important in the treatment of disease. Health insurance, on the other hand, is a plan which permits of the establishment of a fund contributed by the employer, the employee and the State, on a basis of, say, 4-4-2, or some other agreed basis, out of which fund the patient's doctor of choice is paid for services rendered. It will be seen, therefore, that there is a vast difference between state medicine and health insurance.

How should this problem be approached in Canada? The federal authorities might undertake to set up certain standards and principles and be prepared to give subsidies to provinces which incorporate those standards and principles in provincial health insurance legislation. In respect to old age pensions there is a precedent for this policy. It is unlikely that desirable social legislation which proves itself valuable in one province will long be delayed in being put into effect in others. As Canada grows in nationhood the necessity for a national policy will become more manifest. If given leadership and financial support, the provinces, in due course, will undoubtedly fall into line, even if this involves giving up their jurisdiction or supposed jurisdiction in health matters.

What type of health insurance does Canada want? Here we can learn and profit by the weaknesses to be found in some of the Acts already in existence. Let us take, for instance, the Health Insurance Act of Great Britain, which has been in operation now for upwards of thirty years. Under that Act workers earning \$1,250 a year in our money, or less, are insured. This includes upwards of twenty

million persons in Great Britain. The Act provides that they may be served by the doctor of their choice, who is paid on the basis of 9 shillings per insured person per year. The medical services available, however, are those of the general practitioner and maternity variety, with no consultant or hospital service being paid for, and no services being available to the dependents of the insured. Herein is to be found the weakness of the British scheme.

A satisfactory health insurance scheme should provide complete medical services, together with specialist, hospital and nursing services, not only to the insured, but also to his dependents. The British Medical Association has gone on record with this recommendation, after nearly twenty-five years of experience with the Act which operates in Great Britain. The fund should be sufficiently substantial to provide adequate medical fees and adequate hospital and nursing fees for services rendered. The scope of the Act should be sufficiently wide to cover all low income earners and their dependents, who, when medical care is needed, find it too costly for them to provide out of their own independent budgets.

In the moulding of health insurance legislation, conferences should be held among Government authorities, the healing professions, industry and labour, to determine the principles upon which the legislation should be based. Much difficulty and heartburning will be prevented if this is done at the outset. The medical profession has clearly defined what it believes to be the guiding principles from a medical point of view. The fact that this study already has been made by the Canadian Manufacturers' Association will be found to be of great value in any subsequent conferences which may be held.

I need not dwell at any length, honourable members, on the benefit of sound health in a community. I could quote authorities to show what has been done in the matter of health in the city of Chicago. It is marvellous, and anything we can do along these lines will be to the benefit of Canada.

I think I probably have as much right as any honourable member of this Chamber to propose this legislation, because I have the honour of being one of those who voted, rightly or wrongly, in favour of the original legislation. I am not proposing, therefore, to amend something that I voted against. I do not ask that health insurance be made compulsory; all I ask is that the commission report from time to time on the schemes that may be suggested. That is what the commission is for—to investigate these schemes.

I know some honourable members will rise and say this will mean an expenditure of money. It will not be so unless the commission first reports that something is necessary and should be done: then public opinion will demand it of the Government of the day. We shall have fixed data to go on. I admit that it is somewhat late in the session to introduce legislation, but I think this matter should be considered. Before rising to speak, I handed a memorandum to the honourable leader of the Government and the right honourable leader of this side; so I am not trying to spring something on them or on the House. All I ask, honourable members, is your earnest consideration of this proposal.

Hon. RAOUL DANDURAND: Honourable senators, I have received a statement from the Department of Labour, which is charged with the application of the Unemployment Insurance Act. After reading this statement showing the scope of the mandate of the Unemployment Commission, I shall draw the attention of His Honour the Speaker to the fact that this Bill is not within the jurisdiction of this Chamber. I think this statement will give a fairly good view of the powers given to and the duties imposed upon the commission, and the effects that would flow from this Bill.

The 1935 Employment and Social Insurance Act imposed upon the Employment and Social Insurance Commission the duty of collecting information and data relating to medical, dental, and surgical care, and compensation for loss of earnings arising out of ill health, accident, or disease. The relevant sections of that Act are reproduced in Appendix A, attached. No such provision has been included in the Unemployment Insurance Act of 1940, and it is deemed inexpedient to make any such addition to the Act at the present time.

The Royal Commission on Dominion-Provincial Relations investigated the matter of health insurance and reached the conclusion that questions relating to health insurance ought to be left. Extracts from the report of that commission are attached in Appendix B. It would seem unwise for the Federal Government to take action on this question until the constitutional issue has been clarified. It is certainly undesirable to take steps which might have to be retraced.

A further reason for deferring any such addition to the Insurance Act is the magnitude of the task already imposed upon the Unemployment Insurance Commission. This commission is attempting to set up in a matter of months an institution which took three years to establish in Great Britain, and a comparable time in the United States. In addition, the Unemployment Insurance Commission is hampered in securing deliveries of information by the fact that other government departments are accorded war-time priority. Any additional load would inevitably postpone the date when Unemployment Insurance contributions could begin.

Hon. Mr. HAIG.

It is difficult to see the use which might be made of any statistics that the Unemployment Insurance Commission would be in a position to elicit. Even if it is considered that originally all measures of social security ought to be under some administrative agency, it is nevertheless true that the characteristics of an unemployment insurance scheme do not lend themselves to the collecting of statistics on health and health insurance. When an insured person becomes ill or otherwise incapable of work, his claim for benefit is disallowed and the Unemployment Insurance Commission loses contact with him. It is planned at the present time to analyse disallowance on the grounds of incapacity for work, but such statistics would be of little value as a background for shedding light upon a health insurance scheme.

The coverage of a health insurance scheme would, naturally, be more comprehensive than that of the unemployment insurance scheme. Unemployment insurance takes no cognizance of the illness of wives and children not in the employment market, yet these persons would naturally be affected by a health insurance scheme. It, would, therefore, be expensive for the Unemployment Insurance Commission to expand its operations so as to acquire statistical information which might be of value in this connection.

The form of health insurance legislation is, to a large degree, standardized in various countries of the world, and it is by no means certain that any information the commission might secure would affect the form of statute that might be enacted at a later date when the constitutional situation is clarified and when the unemployment insurance scheme is in full operation.

Then follows Appendix A, which contains certain clauses of the Bill of 1935.

39. The duties and powers of the Commission under this Part of this Act shall be exercised, so far as may be found practicable and expedient, in co-operation with any department or departments of the Government of Canada, with the Dominion Council of Health, with any province or any number of provinces collectively, or with any municipality or any number of municipalities collectively, or with associations or corporations.

I think those very words are to be found in the Bill before us.

40. It shall be the duty of the Commission

(a) to assemble reports, publications, information and data concerning any scheme or plan, whether a state, community or other scheme or plan for any group or class of persons, and whether in operation or proposed, in Canada or elsewhere, of providing, on a collective or on a co-operative basis by means of insurance or otherwise, for

(i) medical, dental and surgical care, including medicines, drugs, appliances, or hospitalization, or

(ii) compensation for loss of earnings arising out of ill health, accident or disease;

(b) to analyse and make available to any province, municipality, corporation or group of persons desiring to use the information so assembled for the purpose of providing such benefits or any of them; and

(c) as far as may be found practicable so to do on request by any province, municipality, corporation or group of persons, to examine and

report on any such scheme or plan proposed to be put into effect or in effect at the date of such request, and to afford technical and professional guidance in regard to the establishing, working or reorganization of the scheme or plan.

41. The Commission may from time to time submit to the Governor in Council proposals for co-operation by the Dominion in providing any of the benefits enumerated in paragraph (a) of the next preceding section of this Act for such action as the Governor in Council is authorized to take, and may undertake special investigations in regard thereto, subject to approval of the Governor in Council concerning the scope and nature of each such investigation.

Then comes Appendix B, the opinion of the Royal Commission on Dominion-Provincial Relations, and its recommendations; Book II, page 42:

Since social and economic conditions and social outlook differ so greatly from province to province, we consider it essential that with certain exceptions responsibility for providing medical and hospital services and the choice of means should be left to the provinces. Among possible means is that of health insurance. The desirability of co-ordinating all medical services within the province under provincial control is a strong argument against the establishment of any scheme which would remove any large group within the province from provincial responsibility, as a Dominion health insurance scheme would do. Any health insurance scheme should be closely co-ordinated with other medical services, especially with those services providing medical assistance for low income groups.

Health insurance differs profoundly from unemployment insurance and contributory old age pensions (sometimes called old age insurance). Unlike unemployment insurance, health insurance is not subject to wide variations in demand; the risks are more easily estimated, and more constant. It is not subject to cyclical fluctuations, or sudden emergencies making widespread and prolonged drains on reserve funds, except that, in the event of widespread unemployment, premiums may be difficult or impossible to collect. Unlike contributory old age pensions, health insurance is not a compulsory savings scheme requiring individual accounts covering many working years. It is more nearly insurance properly so called—in the sense that it covers a contingent risk for a short term, and is terminable on a fixed date or on fixed conditions. No serious problems of reserves or of bookkeeping for a migratory labour force are thus likely to arise. We see, therefore, no insuperable obstacle to the establishment of health insurance by a province.

At page 34 of the commissioners' recommendations it is stated:

We cannot see that it would be practicable to assign public health exclusively either to the Dominion or to the province. Much of the actual administration must be left to local or municipal authorities, and so long as the province has general jurisdiction over the municipalities the Dominion could not satisfactorily direct or control local health authorities. Moreover, the educational phase of public health must be closely linked with public education. It is no less important that local public health administration be closely linked to public wel-

fare services, which, like education, are mainly local and provincial functions. While certain specialized services, such as hospitalization for tuberculosis, might be provided by the Dominion as efficiently as by the provinces, this is not of itself a reason for any shift in jurisdiction. Finally, there are pronounced regional differences in Canada in social philosophy which are bound to affect public health legislation. Centralization of jurisdiction might not, therefore, conduce to progressive action in public health, or to national unity in general.

Provincial responsibilities in health matters should be considered basic and residual. Dominion activities, on the other hand, should be considered exceptions to the general rule of provincial responsibility, and should be justified in each case on the merit of their performance by the Dominion rather than by the province. Mere importance of a service does not justify its assumption by the Dominion.

That is the opinion of the royal commission which was presided over, before his illness, by the Hon. Mr. Chief Justice Rowell, and afterwards by the late Dr. Sirois, and of which Mr. Dafoe and others were members.

Honourable senators will readily see that this Bill would result in expenditure of considerable funds, because the work of the Unemployment Insurance Commission would necessarily be made much heavier. Let us look at the provisions of the measure, to test whether it is a money bill, which should be initiated only in the House of Commons, and, even there, only when preceded by a resolution having the assent of His Excellency the Governor General. The Bill provides:

1. The Unemployment Insurance Act, 1940, chapter forty-four of the statutes of 1940, is amended by inserting therein, immediately after section ninety-three thereof, the following headings and sections:—

Part V National Health

93A. The duties and powers of the Commission under this Part of this Act shall be exercised, so far as may be found practicable and expedient, in co-operation with any department or departments of the Government of Canada, with the Dominion Council of Health, with any province or any number of provinces collectively, or with any municipality or any number of municipalities collectively, or with associations or corporations.

93B. It shall be the duty of the Commission (a) to assemble reports, publications, information and data concerning any scheme or plan, whether a state, community or other scheme or plan for any group or class of persons, and whether in operation or proposed, in Canada or elsewhere, of providing, on a collective or on a co-operative basis by means of insurance or otherwise, for

(i) medical, dental and surgical care, including medicines, drugs, appliances, or hospitalization, or

(ii) compensation for loss of earnings arising out of ill health, accident or disease;

(b) to analyse and make available to any province, municipality, corporation or group of

persons desiring to use the information so assembled for the purpose of providing such benefits or any of them; and

(c) as far as may be found practicable so to do on request by any province, municipality, corporation or group of persons, to examine and report on any such scheme or plan proposed to be put into effect or in effect at the date of such request, and to afford technical and professional guidance in regard to the establishing, working or reorganization of the scheme or plan.

93C. The Commission may from time to time submit to the Governor in Council proposals for co-operation by the Dominion in providing any of the benefits enumerated in paragraph (a) of the next preceding section of this Act for such action as the Governor in Council is authorized to take, and may undertake special investigations in regard thereto, subject to approval of the Governor in Council concerning the scope and nature of each such investigation.

In view of the memorandum which I read to the House, it is quite clear that the carrying out of these provisions would necessitate the spending of a good deal of money. For one thing, there would have to be a considerable increase in the staff. Experts on health subjects would be required, and many other persons would be employed in obtaining from the whole of Canada data upon which to base further legislation. I am convinced that such a bill can be introduced, not in this House, nor by a private member of the House of Commons, but solely in the Commons by a member of the executive, on a resolution bearing the assent of His Excellency the Governor General. I submit this as a point of order for a ruling by His Honour the Speaker.

Hon. L. COTE: The honourable leader of the House (Hon. Mr. Dandurand), in the earlier part of his remarks, had already given quite convincing arguments against the passage of this Bill, and I am sorry he thought it necessary to raise a constitutional point which, if maintained, would in my opinion unduly limit the powers of the Senate. The honourable gentleman argues that in order to fulfil all the functions assigned to the Unemployment Insurance Commission by this Bill it would become necessary for the commission to employ many additional clerks and other employees, thereby incurring considerable expense, and that therefore the Bill would, if passed, involve an expenditure of money, which this House has no right to authorize or direct. I cannot follow the honourable leader on that point. It may very well be that the necessary work would be much better done if additional employees were taken on, but this Bill does not say anything about increase in staff or expenditure of money. It merely contemplates that the commission, already established

Hon. Mr. DANDURAND.

by statute and paid salaries that will remain the same whether this Bill becomes law or not, shall make certain investigations. Of course, the commission might later have to say, "With the ways and means that Parliament has placed at our disposal we cannot do all that the Bill requires."

Hon. Mr. DANDURAND: Will my honourable friend read the proposed new section 93B?

Hon. Mr. COTE: I have read it, and I followed the honourable leader when he was speaking. The quantum of work to be performed by the commissioners would be limited by their physical capacity to work. To argue that the fact of their task being better or more thoroughly done if they had additional clerks or other employees makes this a Bill either for appropriating money out of the public revenues or for imposing taxation—these being, so far as I know, the only two purposes of money bills—is going too far. If this measure is to be regarded as a money bill, then we shall have to conclude that any measure which would impose a single added duty on any employee of the Crown and might necessitate paying more in salary or for assistance is therefore an appropriation or taxation bill. That seems to me entirely unreasonable. Although I am disposed to vote against this Bill, I certainly do not want it thought that my vote was influenced by the honourable leader's argument on the constitutional point.

Hon. J. A. CALDER: Honourable senators, I thoroughly agree with the honourable gentleman from Ottawa East (Hon. Mr. Coté). I think it would be a dangerous stand to take that this Bill cannot be introduced in the Senate because it might result in certain expenditure, large or small. The point does not depend upon the amount of money involved. It seems to me that this House has a constitutional right to pass legislation that necessitates some expenditure. Now, where are you to draw the line? You cannot draw it at \$100,000 or \$50,000 or \$10,000 or \$2,000 or \$1. There is a principle at stake. If this Bill were to pass both Houses and become law, Parliament could still refuse, if it so chose, to pass the necessary appropriation to make the Bill effective. But to have the Bill thrown out on the point of order raised by the honourable leader (Hon. Mr. Dandurand) would, I think, be very unfortunate.

Hon. Mr. DANDURAND: I should like my honourable friend to proceed further with his argument and tell us what is a money bill.

Hon. Mr. CALDER: It is a very difficult thing to define.

Hon. Mr. HAIG: Unless some other honourable senators desire to add to the discussion, I intend to close the debate.

Hon. Mr. DANDURAND: Perhaps my honourable friend would discuss the point of order. It might then be taken into consideration and the debate adjourned.

Hon. Mr. HAIG: There are two points of order. One is a constitutional question. I think that was covered by the amendment to the British North America Act. As to the other point of order, if the honourable leader of the Government (Hon. Mr. Dandurand) is correct, we cannot pass any legislation at all, nor can we amend any. In fact we can do nothing. It seems to me a money bill is either a bill to make appropriations for the public services, or a bill to levy taxes. During the few years I have been a member of this House the honourable leader of the Government and the right honourable leader on this side (Right Hon. Mr. Meighen), both distinguished parliamentarians, have always held, especially my right honourable friend, that the Senate has no power to amend a money bill; and the money bills in question were taxation and appropriation bills.

I should like to associate myself with the honourable senator from Ottawa East (Hon. Mr. Coté). I think the honourable leader opposite is on terribly dangerous ground if he presses his point of order. I am quite willing that he should, and I shall be delighted if my Bill is rejected on the ground that we have no power to pass it. Apparently I shall be beaten on other grounds, but I should be in a favourable position if the Bill were thrown out for that reason. We may make the fine distinction here that this is a money bill, but it will not impress the people outside. If the point of order is sustained, then the Senate has no right to exist at all; it is simply a rubber stamp. Surely that was not the principle which the Fathers of Confederation had in mind when they constituted this Chamber. If you read the parliamentary debates of that day, especially the speeches of the first Prime Minister of Canada, you will find certain prerogatives were given to this House to protect the country against, for instance, hasty legislation by the popular House, so that time might be given for mature consideration of such measures. I submit—

Hon. Mr. DANDURAND: Will my honourable friend permit a question?

Hon. Mr. HAIG: Certainly.

Hon. Mr. DANDURAND: Does he think this Bill could be introduced in the House of Commons without a prior resolution submitted with the assent of the Governor General?

Hon. Mr. HAIG: Certainly. There is no appropriation in this Bill. Let us suppose we said to the Civil Service Commission, as we are saying all the time, "You must do so and so." If my honourable friend's contention is right, the commissioners might then come before one of our committees and tell us that with their present staff they could not do it. We could only reply, "Well, work longer hours, or work harder while you are at it." But that is not our problem. As the honourable member from Ottawa East (Hon. Mr. Coté) points out, if we put too many duties on the Unemployment Insurance Commissioners, and they cannot carry them out, they can come back and say, "We cannot undertake those duties without an increase in our staff." The Government may seem to agree to an increase, but Parliament may say, "You cannot have the money for that purpose."

Hon. Mr. CALDER: That has often been done.

Hon. Mr. HAIG: Yes. If the Government is not willing, it does not have to press the appropriation.

I am quite agreeable, Mr. Speaker, that you should rule on this question. And may the gods of luck smile on me! For, as I have said, if you rule that the point of order taken by my honourable friend is correct, I shall be in a fine position to advocate this Bill outside. I shall be able to say: "I am very sorry—I did press for the passage of this Bill, but the Senate has no power to deal with it." Then, when asked, "Senator Haig, what power has the Senate?" I shall be obliged to answer, "I regret to say we have no power at all."

I repeat, money bills are either appropriation measures or taxation measures, and they have always been so considered. What was the fight for in Great Britain? It was for the right to levy taxation, or the right to spend money. We may pass legislation placing certain duties on certain bodies or commissions, and the Government may say, "We will not give you money to carry that into effect."

An Hon. SENATOR: We always provide the money for the purpose.

Hon. Mr. HAIG: Not always. The Government may say, "We will not provide any money"; or a new Government may come in and refuse to provide the money. I am quite content that the point of order should be ruled on by the Speaker.

Hon. JAMES MURDOCK: Honourable senators, personally I should be in sympathy with the proposal to do what is contemplated by this Bill, but I think it would only be

placing upon the Unemployment Insurance Commission work that would be entirely inconsistent with the functions of that commission. My honourable friend from Winnipeg (Hon. Mr. Haig) is looking for a favourable decision from the Speaker to set aside this Bill because it is a money bill.

Hon. Mr. HAIG: I did not say that.

Hon. Mr. MURDOCK: I understood you to say so.

Hon. Mr. HAIG: No. I do not think he will so decide. I quite understand that.

Hon. Mr. MURDOCK: But you would be entirely pleased if he would?

Hon. Mr. HAIG: Yes, I should be satisfied.

Hon. Mr. MURDOCK: I trust that when you are being pleased, you will intimate to the Senate, and to those on the outside who are interested, that this Bill was submitted by a private member in another place, and because under the rules it happened to go to the foot of the list, it was sent over here, where an enthusiastic, sincere helper of the unfortunate people of Canada was found ready—

Hon. Mr. HAIG: Any objection to that?

Hon. Mr. MURDOCK: —to press the Bill. Now, my honourable friend from Winnipeg argues that this is not a money bill. Let me read just a few words—not the whole Bill. The Unemployment Insurance Commission by this measure is authorized to do what?

to afford technical and professional guidance in regard to the establishing, working or reorganization of the scheme or plan.

What "scheme or plan"? It has nothing to do with unemployment insurance, but is a scheme or plan which contemplates health insurance, "medical, dental and surgical care." These are very necessary functions for some body. I am quite sure my honourable friend from Winnipeg has not this in mind, but if this Bill were incorporated, as it is proposed to incorporate it, in the unemployment insurance scheme, it would answer what is the desire of a good many people in this Canada of ours—their desire to prevent the unemployment insurance scheme from functioning as a going concern. I know my honourable friend from Winnipeg wants the scheme to go full speed ahead, but this Bill, I repeat, would prevent that from being done. Many persons whole-heartedly sympathetic towards this Bill have no other purpose than that the Bill should be passed. I hope some day a measure of this kind will be passed in the proper place, but not here. The only purpose of those persons who are whole-heartedly sympathetic

Hon. Mr. MURDOCK.

towards this Bill is to gum up the cards and prevent the Unemployment Insurance Act from being put into effect. That is the object of many people throughout the length and breadth of Canada.

The Hon. the SPEAKER: If no other honourable members desire to speak on the point of order, I should like the privilege of deferring my ruling on this very important matter until to-morrow.

The debate was adjourned.

ADJOURNMENT—INDIAN BILL

Hon. Mr. DANDURAND: Before moving adjournment of the Senate until to-morrow, I should like members of the Banking and Commerce Committee who will hear discussion of Bill 24 to amend the Indian Act, which we have referred to them, to direct their attention to chapter 98 of the Revised Statutes of 1927. Section 40 reads:

The Governor in Council may make regulations for prohibiting or regulating the sale, barter, exchange or gift by any band or irregular band of Indians, or by any Indian of any band or irregular band, in the province of Manitoba, Saskatchewan or Alberta, or the Territories, of any grain or root crops, or other produce grown upon any reserve, and may further provide that such sale, barter, exchange or gift shall be null and void, unless the same are made in accordance with such regulations.

In particular I direct the attention of my honourable friend from Ottawa East (Hon. Mr. Coté) to that section so that he may not forget to bring it to my attention to-morrow.

Hon. Mr. COTE: I was reading the explanatory note when I said that sections 40 and 41 of the Act prohibited the sale of cattle by an Indian except with the consent of the Indian Agent.

Hon. Mr. DANDURAND: But the Indian Act states the Governor in Council may have all those powers.

Hon. Mr. COTE: I must conclude that the explanatory note is both misleading and inaccurate.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Tuesday, June 3, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

SPECIAL WAR REVENUE BILL

FIRST READING

A message was received from the House of Commons with Bill 88, an Act to amend the Special War Revenue Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Hon. Mr. DANDURAND: We could perhaps take up this Bill now. I do not know whether my right honourable friend has examined it.

Right Hon. Mr. MEIGHEN: Yes, I have.

Hon. Mr. DANDURAND: This is what might fairly be called an omnibus Bill, inasmuch as it covers a number of items of taxation. There may be no special reason why it should be sent to committee. With leave of the House, I would move the second reading now.

Right Hon. Mr. MEIGHEN: I have no objection to second reading, but I do ask that the Bill be sent to committee, and I will explain why. This Bill to amend the Special War Revenue Act is in form and all important respects a taxation measure. Therefore, ordinarily we should have no inclination to amend or defeat it except in consonance with the policy as set down in the House of Commons. In the past there have been cases where taxation measures were used as means of effecting an object ulterior to the taxation. On one occasion a measure in the form of criminal law was passed by both Houses and later declared by the Privy Council to be null and void, on the ground that under the guise of criminal law, which is within the purview and jurisdiction of the Dominion, we had in reality invaded a field which was rightly occupied solely by the provinces. In a word, the holding has been that it is the pith and substance of the law which must be looked to in determining whether or not it is really a taxation law, such as this purports to be, or a criminal law, such as the other legislation to which I referred purported to be. At the moment I cannot accurately cite the measure which it was afterwards held we had improperly passed under the guise of criminal law, but I know it had to do with insurance matters. No doubt honourable members who are more regularly in practice than I am can readily name the measure. By making something a crime we had sought to effect a purpose which we could not effect directly, because the

matter came within provincial jurisdiction. The same objection applies to taxation law passed for any such purpose.

I make this point because I observe that sections 3 and 4 of this Bill would in reality have the effect of ousting the provinces from their jurisdiction. I do not look for a very elaborate discussion here, although I should like to hear one. I merely indicate what I have in mind.

Hon. Mr. DANDURAND: To what part of the Bill is my right honourable friend referring?

Right Hon. Mr. MEIGHEN: Sections 3 and 4. It will be observed that section 3 alters the definition of a "British company." Under the present definition a "British company" means any corporation incorporated under the laws of the United Kingdom of Great Britain and Northern Ireland or any British Dominion or colony, and it was specifically made to include that great insurance organization or association known as Lloyd's. By this amendment in section 3, Lloyd's are expressly excepted from the definition of a British company. The effect of the change will appear later.

On looking at section 4 it will be observed that the amendment merely does one thing: it inserts in the fourteenth line the words "or of any province thereof."

Hon. Mr. EULER: It strikes those words out.

Right Hon. Mr. MEIGHEN: I mean, it strikes them out. As a result, there becomes applicable a special taxation clause which, when the Insurance Acts were before Parliament, was inserted in order to secure taxes from a class of companies which otherwise would escape. I forget for the moment the name of that class.

Hon. Mr. HUGESSEN: Non-tariff.

Right Hon. Mr. MEIGHEN: Oh, no.

Hon. C. P. BEAUBIEN: Mutual.

Right Hon. Mr. MEIGHEN: No, not mutual either. It was a class of companies that had an arrangement of their own.

Hon. Mr. DANDURAND: Was it the class of American companies doing business here under licence?

Right Hon. Mr. MEIGHEN: Yes, under the New England mutual system. That is what I had in mind. In those days the Senate had some important functions to perform, and those Insurance Acts all received the closest attention here. For the purpose

of allowing such companies to operate in Canada and enabling this country to get some revenue from them, a clause was inserted whereby we did what we could to put them on a level with other companies and leave them no advantage. Accordingly the Act was made to read as section 16 reads now, on the page opposite page 2 of this Bill, namely:

Every person resident in Canada who, after the thirty-first day of December, 1931, insures or has insured his property situate in Canada in which he has an insurable interest, other than that of an insurer of such property, or renews or has renewed any such insurance, against risks other than marine risks,

(a) with any British or foreign company;—

It will be observed that as a result of the elimination of Lloyd's as a British company, effected by section 3, this taxation will not apply to them.

or (b) with any exchange, the chief place of business of which exchange or of its principal attorney-in-fact is situate outside of Canada,

which, on or before the first day of July, 1932, or at the time such insurance is effected or renewed if after the last mentioned date, is not authorized under the laws of the Dominion of Canada or of any province thereof to transact the business of insurance, shall, on or before the first day of March, 1933, and on or before the first day of March in each year thereafter, pay to the Minister, in addition to any other tax payable under any other existing law or statute, a tax of ten per centum of the net premiums paid or payable by such person in respect of such insurance for the next preceding calendar year.

That is to say, anyone insuring in one of those companies described briefly as "non-Canadian," a British company—not including Lloyd's—or an exchange whose head office is outside of Canada, unless that non-Canadian company has had from the Dominion or from a province a licence to do business, must pay to the Crown an additional 10 per cent of the whole premium.

Now, by this Bill we are asked to strike out the words "or any province thereof." This means that if one of those companies has a provincial rather than a Dominion licence, its insurers—its customers, we will call them—will be taxed. If it has a Dominion licence they will not be taxed; if it has a provincial licence, they will be. Anybody can see at once the discrimination against the provincial company; and it does look to me as though we were again seeking to effect under the guise of our taxation jurisdiction a purpose that we cannot effect directly—virtually to compel Dominion registration. I do not think we should do that. The matter will be argued out, of course, when we get to committee, but I ask honourable members to look into it carefully, because I do not like

Right Hon. Mr. MEIGHEN.

this constant practice of seeking to do indirectly what we cannot accomplish directly.

I am informed—this information comes only from the solicitor for the company concerned—that the only company affected is an American company which was licensed first in Quebec and then in Ontario. It has been operating in Quebec for about six or seven years, and in Ontario for about four years. On account of certain associated concerns who were all doing business with it in the United States, this company thought it well to get its licences in these two provinces. Its total premium income is about \$4,360, on which the 10 per cent would amount to \$436.

Hon. Mr. HARDY: Does that mean that this amendment will touch only that one company?

Right Hon. Mr. MEIGHEN: Yes, so I am informed.

Hon. Mr. MURDOCK: What about Lloyd's?

Right Hon. Mr. MEIGHEN: That is the joke. I shall come to that. The solicitor says there is only the one company. If that is the case, the income we shall get will be approximately \$436 a year; so it can hardly be said we are passing a law for the purpose of taxation.

The honourable senator from Parkdale (Hon. Mr. Murdock) asks, "What about Lloyd's?" I should like to hear from Mr. Finlayson about that. I have never known him to be unpatriotically favourable to Lloyd's; such has not been his disposition; but for some reason Lloyd's escape by this Bill. If the amended section 3, excluding Lloyd's from the definition of a "British company," were not in this Bill, they would have to register federally or else all their customers in Canada—and they are legion—would have to pay a 10 per cent tax. Before the one company with provincial registration is struck at, Lloyd's are set to one side and escape; they are no longer deemed to be a British company.

Hon. Mr. DANDURAND: That was a great difficulty with us.

Right Hon. Mr. MEIGHEN: It was a great difficulty. I cannot help thinking Mr. Finlayson has a reason for letting Lloyd's out, but I do not know what the reason is. It may be that they are registering federally. But, whatever the reason may be, Lloyd's are out and this one company is in. There may be others in. I have only the word of the solicitor of the company that this is the only company affected. However, the prin-

ciple is this: either we have a right to compel companies to register federally, or we have no such right. The courts have held we have no such right. If we have it not, let us not seek to exercise it in the guise of a taxation law.

Hon. Mr. DANDURAND: I regret that the solicitor who approached my right honourable friend did not approach me and give me some information which would have enabled me to study the question before I moved the second reading of the Bill. Of course we had considerable discussion of these matters in committee and in the Senate some few years ago. I have no objection to our sending the Bill to the Committee on Banking and Commerce. It cannot reach the committee before to-morrow, because already we have our hands full, but I will see that the Department of Finance is represented and that the Superintendent of Insurance, Mr. Finlayson, is also present.

I move the second reading of the Bill.

The motion was agreed to, and the Bill was read the second time.

DIVORCE JURISDICTION BILL

REPORT OF COMMITTEE

Hon. CHARLES TANNER, Chairman of the Standing Committee on Miscellaneous Private Bills, presented the committee's report on Bill N2, an Act to amend the Divorce Jurisdiction Act, 1930.

He said: Honourable senators, there is just one amendment to the Bill as received by the committee. In lines 11 and 12 these words appeared:

—residing in such province at the time of the commencement of such action or proceeding.

The committee has struck out these words and substituted the following:

—who has resided in such province separate and apart from her husband for not less than two years immediately preceding the date of the commencement of such action or proceeding.

The Hon. the SPEAKER: When shall this amendment be taken into consideration?

Hon. Mr. COPP: By leave of the Senate, now.

Hon. Mr. COTE: To-morrow. It is not printed.

Hon. Mr. COPP: Next sitting of the House.

WAR EXCHANGE CONSERVATION BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 77, an Act to amend The War Exchange Conservation Act, 1940.

He said: Honourable senators, this is one of the consequential bills flowing from the Budget presented this session by the Minister of Finance. Here is what he said concerning one of the principal features of the Bill:

Very substantial changes are recommended in respect of schedule II of the Act, the schedule extending war-time treatment to imports from the United Kingdom. Though a large number of items are affected, I can explain briefly what is recommended. For the cotton and artificial silk items, now free under the Act, no change is recommended. Certain items, on which the United Kingdom has asked for concessions, viz., cellophane, bathroom fixtures and earthenware glass manufactures n.o.p., nickel-plated ware, and needles, are to be made free, it is recommended under schedule II. It is further recommended that the British preferential rates be subject to a discount of 25 per cent in the case of woollen and worsted yarns, warps, fabrics, and clothing, and boots and shoes, that duties on fabrics and articles of linen, jute, hemp, and mixed fibres, oilcloth and linoleum, carpets, rugs, and carpeting, and all items (not already free) in groups I, V, VI, VII, VIII, IX and XI of the Customs Tariff (with the exception already mentioned of boots and shoes) be made subject to a discount of 50 per cent. No modification of the rates on liquors, sugar, tobacco, and silks is suggested. The result will be that, aside from the revenue items just mentioned, all imports from the United Kingdom will be free or subject to British preferential duties reduced by 50 or 25 per cent. The discounts proposed are to be in lieu of and not additional to the 10 per cent reduction now applicable for direct shipment. In the case of woollens the 25 per cent reduction will apply to the British preferential ad valorem and specific rates of duty, but the operation of the limitation of the duty of 50 cents per pound as a maximum will remain unaffected.

These sweeping reductions are made to facilitate movement of goods from the United Kingdom. It is not expected that imports from the United Kingdom will increase significantly. The difficulties of shipping are well known. Labour in the United Kingdom is being withdrawn even from export trades to war industries, and in many cases materials are lacking. We are suggesting sweeping reductions for the express purpose of facilitating the importation of whatever goods, under changing circumstances, the United Kingdom wishes to export to us. It may be that she will find it desirable to curtail her exports to us. In such case, we shall do without them. We desire to leave the greatest possible scope for selling to us whatever goods she wishes to sell.

That comprises one of the main features of the Bill, which is to be found in clause 1.

Clause 2 reads:

2. Subsection one of section eight of the said Act is repealed and the following substituted therefor:—

The Governor in Council in order to increase or conserve—

The last two words are added.

—Canada's supply of foreign exchange may, on the recommendation of the Minister of Finance, enter into agreements with individuals, partnerships or corporations to grant assistance by way of special tax credits and/or special allowances

for depreciation or depletion under the Income War Tax Act and/or the Excess Profits Tax Act, if, in the opinion of the Governor in Council, such assistance is necessary in order that an expansion of the exports of any individual, partnership or corporation receiving such assistance may take place or that the exports of any such individual, partnership or corporation may be maintained at levels higher than would otherwise obtain, . . .

To that clause these new words are added:

or, in the case of any individual, partnership or corporation operating an oil well or oil wells, if in the opinion of the Governor in Council such assistance is necessary in order that sufficient drilling of new wells may take place to maintain or extend the production of oil in Canada and if the Minister of Mines and Resources certifies that such drilling is in oil-bearing areas which give reasonable prospect of yielding producing wells.

Then follows the last sentence in the clause, which is unchanged:

The provisions of any such agreements granting special tax credits and/or special allowances for depreciation or depletion shall be effective notwithstanding anything contained in the Income War Tax Act or the Excess Profits Tax Act.

Section 3 of the Bill deletes certain items from Part One of Schedule One of the Act.

Section 4 further amends Part One of Schedule One by inserting therein a number of items and enumerations. The first item mentioned is black tea. Permits will not be granted for importation of black tea from non-sterling countries. The reason is obvious. The next item inserted in the schedule is:

Games and puzzles; mirror frames.

The purpose of this insertion is simply to clear up anomalies in the Act.

Section 5 amends Part Two of Schedule One by inserting therein the item of vegetable oils. The effect of this amendment is to require a permit for importation of vegetable oils shipped from non-sterling countries after the 29th of April of this year. In the administering of permits the Department of National Revenue will be assisted by the Oils Administrator, under the War-Time Prices and Trade Board.

I think I have fairly covered the main points of this Bill.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: With leave of the House, I would move third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

Hon. Mr. DANDURAND.

DOMINION SUCCESSION DUTY BILL

SECOND READING

Hon. RAOUL DANDURAND moved the second reading of Bill 79, an Act to authorize the levying of Duties in respect of Successions.

He said: Honourable senators, this is a fairly important piece of legislation, dealing with a matter that is new to the Dominion Parliament. It has been deemed proper and necessary that we should enter the field of succession duties. Some of the provinces, if not all, already impose succession duties. In support of a federal measure like this I heard an interesting argument, which contained what I think is an intelligent observation on our economic system. It was to the effect that the Dominion is justified in taxing successions because people who die leaving wealth have in many cases accumulated it by activities in more than one province, and in some cases, by activities throughout Canada. I can think of quite a number of large estates that have been created by operations outside of the province in which the deceased lived. I am not in a position to compare this point of view with that of the provinces, who, no doubt, can give very good reason for levying duties upon estates within their own jurisdictions. In any event, it seems to me there is a strong argument in favour of the Dominion getting a share of the estates of men who, while accumulating wealth, used and enjoyed the resources of the whole country.

If the Bill is given second reading I shall move that it be referred to the Banking and Commerce Committee.

Right Hon. ARTHUR MEIGHEN: Honourable senators, this is, I think, our first taxation measure which can rightly be described as a capital levy. Such a levy is, of course, not receiving its initiation here, for many countries and all or nearly all our provinces already impose succession duties. Undoubtedly the needs of the Dominion are greater than those of any province. I do not think there are many persons, no matter how they may have toiled, or what vicissitudes they may have encountered, or how great may have been their devotion to life's purposes, who are not ready now to hand to the federal authorities anything at all, provided it is used for the prosecution of this conflict and the saving of our community and our lives. I do not look for anyone having much when we are through with this war, and I do not think many people care greatly whether they will have much or not.

I will not oppose this measure. The only thing that really disturbs me is this: the

popularity of every measure which takes from those who have anything. What disturbs me is, not the necessity of taking—the need exists and has to be met—but the prevalence of the belief that the taking is a virtue. That belief may perhaps derive some support even from the remarks of the honourable leader of the House (Hon. Mr. Dandurand), who said that as men who have created estates had access to the resources of the whole country, it is just that the Dominion should take something back.

Hon. Mr. DANDURAND: The Dominion levy is just, as compared with provincial levies.

Right Hon. Mr. MEIGHEN: Support for such a measure has to be based, not on justice, but on need. We are in a desperate plight. We have to do things like this; there is no way of avoiding them. We must accept them cheerfully, and without resistance. But I do not like the attitude—which is encouraged politically, because it makes vote-getting easy—that there is some virtue in penalizing success, industry and enterprise. No one can read the luminous pages of Gibbon's *Decline and Fall of the Roman Empire*, nor the history of the decline and fall of any other empire, without seeing as plainly as he sees his alphabet that the real cause of the fall was the insecurity of private property. Let none of us imagine that if we keep on as we have been going we can hold society together. We cannot. We must do what the emergency of the hour demands, but we should realize that once property is stripped of that measure of security which stirs human ambition and energy and calls forth all that is in man, the very foundation of society itself is removed.

Hon. C. P. BEAUBIEN: Hear, hear.

Hon. Mr. DANDURAND: My right honourable friend will admit that his argument is weaker when the question has to do with taxing estates of dead persons.

Right Hon. Mr. MEIGHEN: No, not at all. I think any worth-while man is just as much concerned to be of some help to those he brings into this world as he is to see to it that he himself shall be comfortable in his closing days. One ambition is just as proper as the other. I should like to see an effort made by some others to bring home to our people the immortal truth that once you destroy property you destroy liberty. The two can never be divorced. You cannot have political liberty and economic thralldom. They never live together for an hour. The day will come when this eternal principle,

which has come down through all the ages, will demand from mankind an intelligent recognition.

Hon. Mr. DANDURAND: Is my right honourable friend agreeable to having this Bill sent to committee?

Right Hon. Mr. MEIGHEN: Yes. I said that I was not opposing the measure. We cannot help ourselves now.

Hon. Mr. DANDURAND: I should like to say just a word or two with reference to my right honourable friend's statement. The heirs are usually the sons or daughters of the men who have accumulated the wealth. As my right honourable friend knows, in certain countries they have not always followed in the footsteps of their fathers. I should like to cite a statement made by Andrew Carnegie before a committee of the United States Senate some years ago. He had been examined on the influence which wealthy corporations wield in Wall street, and, as he was about to leave, a senator put this question to him: Did he not think a certain limit should be placed on the individual accumulation of wealth? Carnegie answered: "No. There is a special aptitude or talent"—he did not say "genius", for the question concerned him as well as others—"in making money and accumulating wealth. I would not discourage the activities of a man so bent upon doing things that will bring him large monetary rewards; but I would have Congress enact that he may not leave his children more than a certain portion, say a tenth, of his wealth, the remaining nine-tenths to revert to the State. An enactment of this kind would tend to inculcate a spirit of philanthropy in wealthy men, for, knowing that the bulk of their estate would flow back to the public treasury, they would try to distribute it during their lifetime. I am getting rid of my wealth by founding public libraries throughout the country, and my friend Rockefeller is endowing various universities. These are things which the State cannot very well undertake, but men of wealth can, and so they serve the public interest." Let me add that though I am not in Carnegie's category, I share his opinion.

Hon. L. COTE: Honourable members, I am not rising to discuss the principle of levying succession duties, for that principle was accepted many years ago by the provincial authorities. I concede the strength of the argument that there should be but one succession duty collected in Canada; in other words, that a man's estate should not be taxed by nine different provinces if he happens to

possess wealth in each of those provinces. Frankly, I am one of those who have long been hoping that the time is near when we could get rid of nine taxing authorities and have succession duties collected by the federal authority.

This is not the only tax in which there is duplication, and the duplication is becoming unbearable. I belong to the school that desires to simplify the taxation problems of this country. Although I concede the point that it is more natural and reasonable for the Dominion to collect succession duties than it is to leave collection in the hands of the provinces, I shall not vote for this Bill with any pleasure, because, instead of having nine succession duty taxes, we are to have ten. I regret exceedingly that steps were not taken to get rid of provincial taxation of this sort before the Federal Government undertook to impose a succession duty tax. Imposed, as it is, while the provinces still collect such a tax, it does not appeal to me at all, and I am sure it does not appeal to many members in this House. However, we are told this measure is necessary because we must defend democracy and win the war. I will accept the argument that it is absolutely essential to raise succession duties at this time. Only that argument can convince me I should support the Bill.

On the other hand, we must not attribute as the reason for every mistake we make that we have to win the war. I believe it is inexpedient to invade the succession duty field at this time, when we already have nine taxing parties going after a man's estate. The honourable leader of the Government, as a student of history, will remember when that famous woman Madame Roland, who had fought for the liberties and rights of the people, exclaimed as she stood before the guillotine on the Place de la Concorde and surveyed the Paris mob, "O Liberty! Liberty! what crimes are committed in thy name!" Let us not make too many mistakes about saving democracy. I shall not vote against the Bill, but I must say that in the circumstances it is with no degree of pleasure I witness its passing.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Dandurand, the Bill was referred to the Committee on Banking and Commerce.

PRIVATE BILL

CONCURRENCE IN COMMONS AMENDMENTS

The Senate proceeded to the consideration of the amendments made by the House of

Hon. Mr. COTE.

Commons to Bill B2, an Act respecting the British Columbia Telephone Company.

Hon. J. W. de B. FARRIS moved that the amendments be concurred in.

He said: I might explain that, with two exceptions, the amendments are merely verbal. The first important amendment is in respect to the proposed increase of capital by \$10,000,000. This figure has been cut down to \$1,000,000, which is a very substantial reduction. The company accepts the amendment only as of necessity, since there is no prospect that if this House rejected it the Bill would go through at all, and certain immediate capital expenditures are essential for the development of the activities of this company in giving public service.

The other amendment is as follows:

No application for an increase of rates shall be based on any increase of the issued stock of the company as authorized by the amending Act of 1941, but this provision shall not apply to or limit the power of the Board of Transport Commissioners for Canada (or any successors to its powers) to fix just and reasonable rates upon application by the company for increased rates based on other grounds.

By way of illustration I will give the House what I understand to be the general meaning of that provision. Let us suppose an issue of stock, the return from which was so recklessly or improvidently expended that there would be no corresponding increase in efficiency of plant or service, and consequently no commensurate increase in revenue. The mere fact that the capital stock had been increased would not be a ground for an application to increase rates. However, the rights of the Board of Transport Commissioners are preserved and it may deal with applications based on the ground that the rates proposed are just and equitable.

Right Hon. ARTHUR MEIGHEN: Honourable members, I think that in justice to this House it should be pointed out that in the original Bill no *carte blanche* was given to the company to increase its capital stock by \$10,000,000. The Bill provided that there should be no such increase unless sanctioned by the Transport Board; therefore the company would be required to lay before the board full plans of whatever improvements it proposed for the purpose of establishing to the satisfaction of the board that the desired issue of capital stock was in the public interest.

I am sure I speak for all honourable members when I say we felt that we must assume the Transport Board was competent to perform its task and protect the public interest in respect of any further capital issue. Even

now I have no reason to subtract in the least from my confidence in the commissioners. Although I do not know the personnel, I make this comment, that the Commons amendments are a distinct mark of lack of confidence in the Transport Board. I cannot see how the House of Commons can, in effect, say to the members of the board, "We do not trust you to perform the functions for which you exist," and still vote money for their continuance. I have thought, and I still think, that the board is unduly large and unduly expensive under present conditions. The purpose for which it was originally created has in great degree been served. Its duties, while not wholly routine and governed by precedent, are largely so now. I should be very happy if the Government saw its way clear to reduce the personnel by deciding not to fill vacancies as members retire on the expiration of their term of office, or for other reasons. I do not think we need so large a board. But since it exists, I think we shall have to continue the board as such—for a time anyway, and until I have reason for withdrawing confidence in it I shall express that confidence and govern myself in this House accordingly. I say this because I still think that, while the sponsor of the Bill is undoubtedly wise in accepting the inevitable, the action of this House in respect of the measure was much more governed by reason and common sense than was the action of the other House.

Hon. Mr. DANDURAND: Honourable members, I should like to add this remark to the statement of my right honourable friend (Right Hon. Mr. Meighen). From my knowledge of the workings of a telephone company I know that its development calls constantly for new capital. I have seen the growth of large telephone companies, and I feel that if power is granted this company to raise only an additional million dollars of capital, that will simply mean that very shortly it will be necessary to ask for a further increase of capital stock. I rely on the statutory requirement that this company, as well as other public utility corporations, must convince the Board of Transport Commissioners that any increase in capitalization is based on the public interest.

Hon. Mr. HARMER: I quite agree with the criticism of the right honourable leader of the Opposition. I think some specific provision should make it unnecessary for this company to come back here every year for an increase in its capitalization. I agree, too, with the right honourable gentleman's statement respecting the Board of Transport Commissioners. I think they should have juris-

diction. After all, \$1,000,000 is not very much to spend on a telephone company's extension programme.

Hon. Mr. FARRIS: In reply to the honourable gentleman I may say that I am afraid the necessary result of one of these amendments will be that the company will have to come back again. I do not think it will have to come back next year. Just how long it will be before its return becomes imperative, I do not know. However, I am very glad the comments to which I have listened have been made. They might be applied equally to the provision in regard to any application for increased rates, because there can be no increase of rates except with the sanction of the Board of Transport Commissioners. I think that is a sound principle, and if Parliament feels justified in creating a board to decide such matters as these, Parliament, with less information before it than the Board of Transport Commissioners would have, should not undertake to deal with them. Under other circumstances it might well be that the Senate should pursue this question a little further, but to do so at the present time would be disastrous as far as the undertakings of this company are concerned. I think also it should be thoroughly understood that in what is done at this time there is not necessarily any precedent established which would affect matters that may come up under other conditions in later years.

The motion for concurrence in the amendments was agreed to.

UNEMPLOYMENT INSURANCE BILL

POINT OF ORDER WITHDRAWN

On the Order:

Second reading of Bill E3, an Act to amend the Unemployment Insurance Act, 1940.—Hon. Mr. Haig.

Hon. RAOUL DANDURAND: Honourable senators, when we were discussing this Bill last evening I felt impelled to raise a point of order concerning the right of this House to present a health insurance scheme by way of addition to the Unemployment Insurance Act which is already in our Statutes. I hesitated somewhat about the point of order, and I rose too late to withdraw it. I rise to do so now. In doing this I think I shall please my honourable friend from Winnipeg South-Centre (Hon. Mr. Haig) by permitting him to test the House when he makes his speech in answer to the arguments advanced against this Bill; but I hope he will not do so just now, as we expect to be very busy in the Committee on Banking and Commerce.

I withdraw my point of order.

The Hon. the SPEAKER: The question is on the second reading of the Bill.

Hon. Mr. HAIG: Honourable members, in deference to the request of the honourable leader of the House, I would ask that this Order be discharged, and be placed on the Order Paper for to-morrow.

The Order was discharged.

CANADA'S NATIONAL HEALTH

MOTION DROPPED

On the Order:

Resuming the adjourned debate on the motion of Hon. Senator Sauvé:—

1. Whereas the strength of the nation depends especially upon the health of the Canadian people;

2. Whereas the object of every effort, either individual or social, is life itself, its preservation and development;

3. Whereas in this period of war, anguish and excess, it is all the more urgent to prevent disease by protecting and fortifying health;

Therefore, be it resolved that this House respectfully recommends that the Department of National Health of Canada do

(a) deal more severely with the elements detrimental to health, especially with the increasing misuse of broadcast advertisements recommending panaceas or certain commercial articles of food and drink;

(b) see that the danger of the abuse of unsuitable foods and beverages be taught widely by the Press and the radio and in schools;

(c) spread knowledge of the properties of wholesome foods and beverages.—Hon. Senator Bourque.

Hon. Mr. DANDURAND: I have the authority of my honourable friend to suggest that this motion be dropped.

The motion was dropped.

ADJOURNMENT—SITTING OF BANKING AND COMMERCE COMMITTEE

Hon. Mr. DANDURAND: In moving the adjournment of the House, I would remind honourable members that the Standing Committee on Banking and Commerce will meet as soon as the House adjourns.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Wednesday, June 4, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

Hon. Mr. DANDURAND.

WAR CHARITIES BILL

FIRST READING

A message was received from the House of Commons with Bill 64, an Act to amend the War Charities Act, 1939.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. RAOUL DANDURAND: With leave of the Senate, I would move the second reading of this Bill now. If my right honourable friend is not ready to proceed, he may move the adjournment of the debate. The amendments are not very important, but they are necessary. I will read the statement that was made in another place by Hon. Mr. Gardiner, the present Minister of National War Services, who, from what I have heard, intends to vacate that office.

This Act was passed shortly after Canada entered the war, and has not been amended since. It was not foreseen at that time that there would be calls upon the generosity of the public for contributions to war equipment; consequently the provisions of the Act were limited to contributions for war charities. As a large number of funds are now operating whose objects are to purchase war equipment, it is felt desirable that these funds should be subject to regulation. The Act was originally administered by the Department of the Secretary of State, but after the inception of the Department of National War Services the administration was transferred to the War Services Department. An amendment has been necessary to provide for this.

Experience gained from administering the Act makes it necessary that further control be given the department if the Act is to be properly administered. We have found that in some cases funds have been created without registration and without authorization, and we have no authority under the Act to prosecute those raising unregistered funds for failing to comply with its provisions. This amendment now includes provision that will give the department the same control over unregistered funds as it has over those which have been authorized under the Act.

We have also found that persons have been holding funds and have refused to make a proper accounting of such funds to the department. An amendment has been necessary to enable the department to demand such an accounting and to secure possession of the funds if necessary.

Proceedings for offences against the Act cannot at present be instituted except with the consent of the Minister. As the administration of justice is in the provinces, and prosecutions are carried on by the Attorneys-General of the provinces, it is felt that the present section restricts the right of the Attorney-General to institute proceedings where he deems fit. The Act is now being amended so as to permit the Attorneys-General of the provinces to act either on their own initiative or at the request of the department.

With this explanation I move second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: I believe there is a less pleasant feature of the Bill, which the honourable leader of the House (Hon. Mr. Dandurand) did not mention—a further restriction on the amount that can be allowed in respect of income tax calculation. However, the features mentioned by the leader of the House are quite proper. It seems amazing that in the first Bill no provision was inserted for controlling or preventing unregistered funds. Certainly this omission must be made good. I suggest the Bill go to the Committee on Banking and Commerce.

The motion was agreed to, and the Bill was read the second time.

REFERRED TO COMMITTEE

On motion of Hon. Mr. Dandurand, the Bill was referred to the Standing Committee on Banking and Commerce.

INDIAN BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 24, an Act to amend the Indian Act.

The motion was agreed to, and the Bill was read the third time, and passed.

GAME EXPORT BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK, Chairman of the Standing Committee on Banking and Commerce, presented the committee's report on Bill 16, an Act to control the Export of Game.

He said: Honourable senators, the committee made three amendments to this Bill. I may say for the information of honourable members who are not on the committee that these amendments do not materially alter the Bill, but simply clarify its intent.

The Hon. the SPEAKER: When shall these amendments be taken into consideration?

Hon. Mr. BLACK: With the leave of the Senate, now.

Right Hon. Mr. MEIGHEN: I should like to have a look at the report. As read from the Clerk's Table, it did not sound correct to me as respects the last two amendments.... I find it is correct and satisfactory.

The amendments were concurred in.

THIRD READING

The Hon. the SPEAKER: When shall this Bill, as amended, be read a third time?

Hon. Mr. DANDURAND, by leave of the Senate, moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

PENSION BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK, Chairman of the Standing Committee on Banking and Commerce, presented the committee's report on Bill 17, an Act to amend the Pension Act.

He said: Honourable senators, this Bill is reported with two amendments which are of some considerable importance, and I assume that after they have been read by the Clerk there will be some discussion on them.

The amendments were read by the Clerk at the Table.

The Hon. the SPEAKER: When shall these amendments be taken into consideration?

Hon. Mr. BLACK: Now, by leave of the Senate.

The Hon. the SPEAKER: Is it your pleasure, honourable senators, to concur in the amendments?

Hon. Mr. DANDURAND: No.

Hon. Mr. MURDOCK: Would there be any objection to leaving these amendments over until to-morrow, so that we might analyse them?

Hon. Mr. DANDURAND: I desired to explain why I intend to move against adoption of these amendments. Any honourable member who wishes to move adjournment of the debate will be free to do so after I have spoken.

The committee recommends that section 5 of the Bill be deleted and that subsection 3 of section 6 be amended. I will read subsection 3 of section 6:

If a member of the forces has, while on service during the war with the German Reich, incurred an injury or disease or aggravation thereof resulting in serious disability or death in respect of which a pension is not awardable under the provisions of the two subsections next preceding and if such member of the forces is in necessitous circumstances, or, in the case of his death, if his widow and/or children are in necessitous circumstances, or if, there being no widow or children, his dependent parent or parents are in necessitous circumstances, the Commission may in its discretion award such pension, not exceeding the rates payable under Schedules A or B to this Act, as from time to time it may deem to be adequate in the circumstances.

It will be seen that this subsection gives the commission discretionary power in certain circumstances to award a pension which would

not otherwise be payable under the Act. Such a pension would fall into the category of a compassionate allowance. After considerable discussion in a committee of the other House this subsection 3 was added for the purpose of giving authority to the commissioners to grant a pension in cases where they felt it was justified on compassionate grounds.

Our Banking and Commerce Committee proposes that at the end of this subsection the following words be added:

Provided that the provisions of this subsection shall not be applicable to or in respect of a member of the forces who, under regulations made pursuant to the National Resources Mobilization Act, 1940, has been called out for training, service or duty and who, in pursuance of further regulations made and established under the aforesaid Act, is attached to or on the strength of a basic or advanced training centre.

This proposed amendment would exclude from the benefits of the subsection all the men called out under the National Resources Mobilization Act. As honourable members know, the men first called out under this Act were given thirty days' training. They have returned to their homes and are not to any extent interested in this suggested proviso. But all the men now called out for four months' service, including those who have already served about half that time, would be ineligible for the same compassionate treatment as their comrades who volunteered and are now training for the Active Army. That is, the proposed amendment would create a distinction between men in service. Those called out under the authority of the State and serving in Canada, or being trained in the various camps from the Atlantic to the Pacific, would be in a position of inferiority vis-à-vis their comrades who voluntarily enlisted and are training with them in the same centres.

I may say that when the matter came before us in the committee a good many members, of whom I was one, were not able to tell exactly what the effect of this additional clause would be. I am sure that it would have an important psychological effect upon the thousands of men who are now being trained alongside voluntary soldiers. I believe it would be harmful to the present campaign to raise men to serve for the defence of the country, either in Canada or abroad. After I left the committee I inquired as to what effect the proposed amendment would have. In the various camps throughout the country there are two groups of men being trained together: one group under the voluntary system and the other group under the conscriptive system. The men in the first group are attested for active service; they belong

Hon. Mr. DANDURAND.

to the Active Army. There are 29 basic training centres, where elementary as well as advanced training is given. During the first two months all the men are on virtually the same footing in respect of their training; they are prepared for the specialized courses which they receive after the two months. While they are taking the elementary part they may indicate in which of the divers branches of the service they would prefer to receive specialized training. At every training centre a certain number of openings in all the branches are maintained for trainees who have completed two months' training. Among these trainees, who come from a great variety of walks in life, are university and college students and other men with education or experience qualifying them for specialized duties, and usually they do not hesitate to choose those branches for which they have special qualifications. During their first two months of training the men called out under the Act are allowed to transfer to the Navy or the Air Force. It has been explained to me that all these men, distributed among the 29 training camps, receive there the same training as do the men who voluntarily enlisted and are training for the Active Army. These two groups undergo the same daily exercises, live under the same roof, sleep in adjacent bunks, enjoy the same privileges and are given the same kind of treatment in all respects. This has helped to develop a healthy comradeship which is a great asset for the nation. The men called out are in constant contact with the volunteers on active service and become their friends and join them in various sports, day in and day out. In a word, they become members of the same army.

I have been informed by the department that only 10 per cent of the men who took the thirty-day training indicated their intention to enter the Active Army; but when the four-month training plan was instituted and the trainees were informed they would be retained for service for the duration of the war, the proportion jumped to 40 per cent.

The view of the department is that the passing of this proposed amendment would have the effect of splitting each military camp in two and placing a stigma of inferiority on men who for various reasons did not voluntarily enlist in the early stages of the war. Some were not ready, others had certain family responsibilities. But eventually those men did answer the call. They come from all sections of this country and from all walks of life. Some, by their technical training, have already specialized in certain branches of the service. I need not dwell upon the value and quality

of those men, but I do say that neither the Senate nor the Parliament of Canada should lightly tell them that they belong to another class of soldiers. I am told by those in command of the training camps that trainees and enlisted men work and play together as members of one big family, and are all imbued with the same patriotic spirit. I am confident that no one in this Chamber would for a moment suggest that thousands of men called by the State to serve in our armed forces should be treated as though they were an inferior class. Yet such treatment would result from the amendment. Its adoption would mean no saving to the country, because these young men, after they have undergone four months' training, enter the army for service in Canada, or attest for service abroad.

Most of the trainees are single men, and it is very improbable that many would meet with accidents involving such physical injuries as would bring them within the scope of the pension provisions. I submit that psychologically it is a dangerous policy to introduce into this legislation, and herald to the country, the statement that we have two sets of men who from a patriotic point of view cannot stand on the same platform or range themselves under the same standard. All those men come from Canadian families, they are training together as brothers, and are doing splendid work, helping one another in their training. In my opinion the Commons showed commendable prudence in not introducing such a wedge between those two groups.

For this reason I move that the amendment which I have just read be not accepted. I will deal later with the other proposed amendment to the Bill.

Hon. F. B. BLACK: Honourable senators, in the Committee on Banking and Commerce I did not express any opinion on this particular amendment. Personally, I do not think it matters very much whether the amendment carries or not. I must, however, take exception to the picture painted by the honourable leader of the House (Hon. Mr. Dandurand). I submit there is no discrimination between what we call "trainees" and those who have enlisted for service either in Canada or overseas.

I am not supporting the proposed amendment, but I want to clarify the situation. I have had several years' experience in the militia and a shorter experience in the army. Under this amendment trainees would be in the same position as militiamen who are in camp for the annual twelve-day training. That is, any trainee injured during his period of training would come under the Pension Act just as though he had enlisted for active

service. There is, however, this minor difference in favour of the man who enlists for service in Canada or overseas—that, barring misconduct, he enjoys the protection of the Pension Act even while on leave, whereas the trainee does not. But the trainee, as well as the enlisted man, would come under the Act if, for instance, he were injured while engaged in football, cricket or any other game as part of the soldier's physical training course. I recall the case of a man who fractured his leg. He had medical attention, but some tubercular trouble supervened and he died. Under the militia regulations I had no difficulty whatever in getting a pension for his widow and child. I repeat, the trainee gets the same pension treatment as did the militiaman in the past.

While presiding over the committee which amended this Bill, I failed to detect any desire on the part of those who supported the amendment to discriminate against trainees. And, as I have pointed out, there is no discrimination whatever.

From the standpoint of the army, I do not think the amendment makes the slightest difference, for I doubt that it would either prevent or encourage enlistments. Men who have had militia training are familiar with the regulations, and all we may say on one side or the other will not fool those in command of a company, a battalion or a regiment.

Personally I am not inclined to favour the amendment. We must get recruits, and when we do get them we must give them all reasonable protection, and even some protection that is not reasonable. We have made liberal pension provision for our returned men. Indeed, sometimes I feel we have gone too far with our pension legislation, particularly in regard to regulations governing attributability and aggravation.

There is one thing to be said in favour of the proposed amendment—that it would probably prevent what I may term "artificial" claims being pressed on the Pension Board. That board naturally is sympathetic towards claimants for pensions, and so we are apt to get a greater number of soldiers' widows and children on the pension list than would otherwise be the case.

I am inclined to accept the Bill in this particular as it was presented to the committee; but I am now speaking as a member of the Senate and not as chairman of the Committee on Banking and Commerce.

Hon. R. B. HORNER: Honourable senators, I am in favour of the amendment for the very reason the honourable the leader of the Government has given for being opposed

to it. I think it will make for greater unity among the men in training, the real men who are going to fight the battle for civilization. I doubt very much that anyone in the world really believes that battle will take place in Canada. The honourable gentleman has referred to the relations between the thirty-day or four-month trainees and the men who have signed up for overseas service. I am very sorry that the situation as depicted by the honourable gentleman does not prevail in Saskatchewan. The trainees there dare not enter the canteen with the men on active service. The enlisted men refuse to associate with the trainees on any training field unless the officers order them to do so. I think this amendment, if passed, will make for greater unity, and I am perfectly willing to go on record as supporting it.

Hon. J. H. KING: Honourable senators, I do not wish to labour this question, because it is not a momentous one. I concur in the statement of my honourable leader. The subsection under discussion is new; it was not in the old Act. The reason for it is to be found in the fact that men who during their training period sustained injury while on leave were not eligible for a pension, and cases laid before the parliamentary committee showed that in such circumstances great hardships were suffered by certain individuals or their families. This enactment does not give the right of pension to any man who is injured while off duty; what it does is to give him, or his family, if in necessitous circumstances, a right to make an application to the commission, which after inquiry may, in its discretion, grant relief. That is all it means. Surely we as members of this House realize that it would be unfair to discriminate against men who are to-day volunteering to go into the service or who come in under enactments passed by this Parliament. The amount of money involved is very slight, and any discrimination of the kind I have referred to would be unwise and most unfortunate.

Right Hon. ARTHUR MEIGHEN: Honourable members, I am frankly very much disappointed that the leader of the Government should have seen fit to arraign before the House as a whole the decision of the committee in respect of this amendment—and also the other one, for he has intimated his intention of moving against it as well.

Hon. Mr. DANDURAND: I so stated in the committee.

Right Hon. Mr. MEIGHEN: That may be. I think we have got pretty near the stage where our committees are as worthless as we are. We do not seem to be able to effect any-

Hon. Mr. HORNER.

thing, except a merely verbal alteration or some matter of little consequence, and have it stand before the House. There was a time when we made substantial and very effective amendments to measures which came from the Government and the other House. We heard evidence in our committees and made changes with absolute freedom; and I do not think there ever was an appeal to the Senate against the judgment of a committee.

Hon. Mr. DANDURAND: Oh, yes, there was.

Right Hon. Mr. MEIGHEN: I do not recall one. I am not saying there never was one. I do not recall that I ever made one.

Hon. Mr. DANDURAND: Yes, my right honourable friend did, and carried it by the majority in the Senate.

Right Hon. Mr. MEIGHEN: I am referring to the time when I was leader of the House. I abided by the decisions of the committees, though very often they altered a measure in most important respects. Very often I agreed with the committee's decision, and on one occasion I voted to defeat a Government measure in this House. But those days are over. We seem to be drifting into the condition of a mere second register. Why do I feel so strongly about this? Of what value are we if we are to be a mere i-dotter and t-stroker of the legislation of the Commons?

This is not an important amendment in the sense of going to the root of any great principle, but it has some importance in that it is not merely verbal. I think the honourable leader of the House tried to make plain the purpose of the amendment, as did also the honourable senator from Kootenay East (Hon. Mr. King). I do not know whether they succeeded or not. I am going to do my best, because I cannot but think that if this matter had been placed before this House, as a body, in the way it was placed before the committee, the House would view it as the committee did.

Hon. Mr. DANDURAND: But there was no discussion.

Right Hon. Mr. MEIGHEN: Oh, but there was discussion.

The leader of the House says we were in an inferior position in the committee. In what respect, I ask.

Hon. Mr. DANDURAND: We did not have any information.

Right Hon. Mr. MEIGHEN: We had General McDonald, Chairman of the Canadian Pension Commission, there.

Hon. Mr. DANDURAND: We did not ask the General to examine the merits of the question.

Right Hon. Mr. MEIGHEN: We questioned him all afternoon. We went into every phase of the matter; nothing was omitted that bore on the situation. Inferiority! We are in the inferior position here if there is any inferiority, because we have not the advantage of immediate contact with those in charge of the administration. The situation is this. If I am wrong I want to be corrected, but I think I am right. The general principle of pensions is that a man who suffers while on service, or as a result of service, is insured by the State. Such is the main principle, practically the central, the paramount principle, embodied in our pension law. Such has been the principle all along. But cases arose in which the suffering was not of what is called an attributable nature—that is, attributable to the service; nevertheless, the soldier or some of his dependents were in a destitute condition, and it was felt, rightly or wrongly, that the State was under some peculiar obligation to them because of what he had done or undertaken to do—the commitment he had made in a great crisis of the State. It was felt, therefore, that we should go somewhat further, and even if this pitiable plight was not attributable to anything in the nature of the service, nevertheless we should not see him or his dependents suffer. The clause under discussion is the expression of that view. I may be wrong, but it is my recollection that there was a time before when such was the law.

Hon. Mr. KING: No. There were conditions. There was a meritorious clause.

Right Hon. Mr. MEIGHEN: Yes, that is right. There was a time before when we had what were called meritorious clauses to take care of such pathetic cases.

Hon. Mr. KING: It applied only to front-line men.

Right Hon. Mr. MEIGHEN: Exactly. No one knows this better than the honourable senator from Kootenay East. I cannot see how he comes to his present conclusion at all. The very words which he has just put into my mouth, that it was confined to front-rank men, meritorious cases, illustrate the motive behind the extension of the original historic principle that the pensionable suffering must be attributable to service. When it came to the case of a front-line man, a man who had stood between his nation and the foe, Parliament did not have the heart to say: "Though you may be destitute, we will not

do anything, because your condition is not attributable to service." The country felt that it was under obligation to that man. The country was under a very special obligation to him. I do not know whether other countries recognized such an obligation or not. I think we were the first to do so. We said, because of what that front-line man undertook to do, and did: "We will do something for him on the basis of a pension, in view of that peculiar obligation."

When this clause appeared before us I had not studied it at all; but after reading it I felt—and others felt likewise—that it was very wide. It includes not only men at the front, or men attested to go to the front, but men called up for training under the National Resources Mobilization Act. I ask honourable members: Is this country under some special obligation to these last-mentioned men, an obligation sufficient to persuade it to depart from the usual line of recognition and do something extra, even though the misfortunes suffered by them have no relation to their services as trainees? Has a trainee attested or undertaken to do something great for his country? He has undertaken nothing. He has just obeyed the law which says he shall undergo training.

Hon. Mr. DANDURAND: For the whole period of the war.

Right Hon. Mr. MEIGHEN: If he becomes a soldier, all right. Then he comes under the law.

Hon. Mr. DANDURAND: He is in for the duration of the war.

Right Hon. Mr. MEIGHEN: He is called for only four months. Another class may be compelled to take their place permanently in the forces, and if they do they are as much entitled to recognition as anybody else. But when a man is only a trainee, attested for nothing—

Hon. Mr. DANDURAND: Except the defence of the country.

Right Hon. Mr. MEIGHEN: No; he is only to be trained. The time may come when he will be called for defence, but it is not yet. He is called for training only and for no other purpose. Are we to extend this arrangement and say to that man, while he is in training, that if the time should come when he is suffering terribly we shall help him out because of the nation's tremendous and extreme obligation? I wonder sometimes whether we are living in such a paradise—I should hate to call it a fool's paradise—that we can imagine anything of that sort in the midst

of a war such as we are now engaged in. Have we any notion of where this country stands in this war? Have we any notion whether this country is standing at all or not? We undertake to extend our bounty to all the men who are called out for one month or four months. We say to them: "If you suffer any injury or illness, and are poor enough, you may apply to this commission." It does not matter whether the injury or accident arises from service, for a man might break a leg at a dance, and yet be eligible.

Hon. Mr. KING: He is given the right to make his request before the commission, that is all.

Right Hon. Mr. MEIGHEN: The honourable gentleman (Hon. Mr. King) was not quite right in his statement. He said a man would have to be in poverty before he could apply to the commission. That is not so. The intent of the subsection, before being amended by the committee, was that a man requiring help could apply to the commission. The commission may grant his request if he is able to show that he is poor enough.

Hon. Mr. HOWARD: May grant it.

Hon. Mr. KING: That is it. And there have to be necessitous circumstances.

Right Hon. Mr. MEIGHEN: What would determine the commission's course? It could not rule out a man because his injury did not arise from service, for the subsection is expressly made to cover cases of that kind. So long as a man proved his need for a pension, how could the commission refuse him? On what principle? How would you decide that one man, whose injury or illness did not arise from service, yet who is in sufficiently poor circumstances, shall not get a pension, whereas another man, equally poor, shall get one? It seems to me the commission would have no option but to give it in every case, if the man were poor enough.

The chairman of the commission thought this did not amount to much. I am not so sure of that. No law is quite so easily expanded as a pension law. Open the door one-eighth of an inch this session, and next session a cat will be able to get through. The following session the door will be opened wide enough to admit a calf, and a year later a regiment of horses will be able to pass. That is the way these things go. You open the door to men who have been called out for training and have entered upon no obligation at all. If they suffer injury or disease having no relation whatever to their training, you give them the right—based on their poverty—to come and get a pension. Do you imagine that will not amount to some-

Right Hon. Mr. MEIGHEN.

thing? Any of the ten thousand who were trained for a month and can trace illness or the origin of illness or injury to that month—there is no need to trace it to service—may apply, as may all the scores and scores of thousands called out for four months' training. I wonder why honourable members so lightly think this will not amount to anything.

Hon. Mr. KING: Is the right honourable gentleman saying that a man may apply to the commission simply on the ground that he is poverty-stricken?

Right Hon. Mr. MEIGHEN: No. A man must have suffered an injury or illness before he can apply. What I say is that, if he has so suffered and is poverty-stricken, I do not see how the commission can refuse to grant him a pension.

Hon. Mr. KING: I thought the right honourable gentleman said that poverty alone would be enough to qualify the man to make application.

Right Hon. Mr. MEIGHEN: No. If a man has an injury or disease which is not attributable to service, he can make application. Poverty would not give him that right. But if he proves his poverty, then the commission is virtually directed by this subsection to give him a pension. I do not know how I could refuse him if I were a member of the commission.

This extension of the original principle arose because the country felt itself under a real and extraordinary obligation to men who had fought for it in the Great War.

Hon. Mr. DANDURAND: Or who attest. It includes those who are still in camp in this country.

Right Hon. Mr. MEIGHEN: I think it does apply to those attested during the Great War.

Hon. Mr. DANDURAND: Yes, it does.

Right Hon. Mr. MEIGHEN: Surely there is a considerable difference between them and those who were attested for nothing.

Hon. Mr. DANDURAND: Attested for the defence of the country.

Right Hon. Mr. MEIGHEN: If honourable members consider this subsection is all right, let the judgment of this House stand. But let us not boast that we are the guardians of the Treasury of Canada.

Hon. JOHN T. HAIG: Honourable members, I have the honour to be a member of the Banking and Commerce Committee, which discussed this matter at considerable length. The vote in committee was a peculiar one.

In fact, I got the shock of my life when I heard the Clerk announce the result of the vote. In the House this afternoon a large majority of the members are on the Government side, and if they vote as Government members they can carry this amendment. But let me tell you the odd thing that happened in committee. I know the right honourable leader on this side (Right Hon. Mr. Meighen) is not aware of it, because in the committee room he sits near the head of the table and cannot see what is going on at the other end; and the same is likely true of the honourable leader of the Government (Hon. Mr. Dandurand), who sits across the table from him in committee. A little confession is said to be good for one's soul, and if we confess a little here to-day some honourable members opposite me may not feel so sure that they should vote against the amendment brought in by the committee. General McDonald, Chairman of the Pension Commission, was questioned very fully about this subsection. The effect of the committee's amendment would be—I will not use the eloquent language of the honourable leader of the Government or of the right honourable leader on this side—that a trainee who incurred an injury or disease when out of camp and off duty would not come under the Act. That is all it would mean. If he became injured or diseased while in camp or on duty, the Act would apply to him. That is all there is to it. The amendment was carried in committee by a vote of about 8 to 6. There was an almost equal division, politically, if I may so put it.

Hon. Mr. DANDURAND: That was a small number of members voting. Yet my right honourable friend speaks of the solemnity of the vote.

Hon. Mr. HAIG: Of the six who voted against the committee's amendment, two sit on this side of the House; whereas two, three or four—I do not remember exactly how many—of the eight who voted for the amendment are Government supporters. So it was not a political vote in any sense.

The honourable leader of the House (Hon. Mr. Dandurand) intimated that members of the committee did not have an opportunity to learn what the effect of the amendment would be. I disagree with the honourable gentleman on that. Its effect was made clear by two illustrations. The first was this. A trainee, while off duty, goes to a dance, falls down the trap door of a cellar and breaks his leg. Under the amendment he could not get a pension. A man who enlisted for overseas service and was injured in similar circumstances could, if able to prove himself in need, be given a

pension. The second illustration was this. A trainee who while off duty took an automobile ride and broke his arm would not be eligible for a pension; but a man who enlisted for overseas service and sustained injury while off duty, in similar circumstances, could apply for a pension on compassionate grounds.

Hon. Mr. KING: That is it. The amendment created discrimination.

Hon. Mr. HAIG: I agree with the right honourable leader on this side (Right Hon. Mr. Meighen) that if the Senate performs any service at all to this country it does so in committee. I would not hold that view if in this instance there had been a political vote. As I say, there was nothing of the kind.

Hon. A. L. BEAUBIEN: Only fourteen senators voted in committee.

Hon. Mr. HAIG: That is the number who were there. I thought the amendment would be easily killed, and was shocked when the Clerk announced the result.

The man who volunteers for overseas service is in a different position from the trainee. There is no doubt about that. If at the outset of the war we had instituted universal service, as we should have done, it would have been a different matter. Our people voted against universal service; so we have not got it. Surely the man who comes forward and volunteers to fight overseas or at home, wherever he may be ordered to go, is in a different position from the man who is called out for training.

As to the period of training, the Government changed its policy. First the period was thirty days. I remember well that certain honourable members of this House said thirty days' training would prove to be no good, and that a change would have to be made. Well, it did not take long to prove that. Men are being called out now for four months' training, and they are required to continue in service afterwards.

Hon. Mr. DUFFUS: That does not prove the former system was no good.

Hon. Mr. HAIG: I will not argue that point with my honourable friend. Apparently the Government thought it was no good, or the period would not have been extended to four months. The Government's hope, which I trust is well founded, is that most of the men, after completing four months' training, will volunteer for service. I understood my honourable friend (Hon. Mr. Dandurand) to say that 70 per cent have already indicated their readiness to volunteer. That may justify the present system. The minute a man volunteers, this amendment would not apply to him at all.

I submit to honourable members that if the Senate is to be of any use in our parliamentary system we should not reject the findings made by a committee after full discussion and inquiry, such as were had in this case.

Hon. A. K. HUGESSEN: Honourable senators, like the honourable junior member from Winnipeg (Hon. Mr. Haig), who has just sat down, I am a member of the Committee on Banking and Commerce. I am one of those to whom, I think, he was probably referring when he mentioned the fact that three members on this side of the House—

Hon. Mr. HAIG: I do not know how many; I thought it was three.

Hon. Mr. HUGESSEN: It was three, I think—voted in favour of the amendment. Well, I so voted, but I am free to say that upon reconsideration I think I was wrong, and I shall change my vote this afternoon.

I voted for the amendment with considerable hesitation, but it did not seem to me to be a matter of any great importance. The section which we were considering provides that, in a case where in the ordinary course a member of the forces would not be entitled to a pension, the Pension Commission may in its discretion grant a pension if it is shown that he has incurred an injury or disease while on service, but not while actually in training, and that he is in necessitous circumstances, or, in the case of his death, that his widow and children are in necessitous circumstances. The proposed amendment provided that this special consideration should not apply to trainees who are now undergoing four months' training under the Natural Resources Mobilization Act. As honourable members will realize, those trainees are young men of twenty-one and twenty-two years of age, for the most part unmarried, and with no dependents. I did not believe that it made very much difference one way or the other whether they were allowed to come under this subsection or not. That is still my belief, notwithstanding the impassioned appeal which we have heard from the right honourable leader on the other side (Right Hon. Mr. Meighen) for protection of the finances of the country.

Now let me state quite frankly the reason which has led me to change my mind. It has been represented to me that the present scheme of military training is specifically designed to produce a united Canadian army, irrespective of whether a man has enlisted solely for home service under the Militia Act or has volunteered for service overseas. With that object in view, all the training

Hon. Mr. HAIG.

camp, both preliminary and advanced, contain the two categories: voluntary enlistments for overseas, and trainees. They train together, side by side, sleep in the same lodgements, take part in the same amusements and undergo the same training. In a word, every attempt is being made to raise, not two Canadian armies, but one, a part of which will be available for overseas service, and the other part for the defence of our coasts. And who, at this stage of the war, will tell me that the time may not come very soon—sooner than any of us expect—when a man defending the coasts of this country will be on active service and under fire? Under these conditions it was represented to me that this Parliament would be making an invidious distinction if, in effect, it said, "We are going to make fish of one and flesh of another; we are going to distinguish between you in one category and you in another category." The whole object of the training, as I have said, is to make a united Canadian army.

That, honourable members, is a circumstance which was entirely absent from my mind yesterday afternoon, because our consideration of the Bill in the Banking and Commerce Committee had nothing to do with it. That, I confess, is what has made me change my mind, and therefore I shall vote contrary to the way I voted in the committee. For that reason, and for that reason alone, I shall vote against the amendment.

Some Hon. SENATORS: Question.

The Hon. the SPEAKER: The motion is that the amendment—

Hon. Mr. BLACK: May I ask a question? Are these two amendments to be taken up one after the other, or is the motion to reject both?

Hon. Mr. DANDURAND: I have not yet dealt with the other amendment.

Hon. Mr. BLACK: The first amendment has not been spoken to at all.

Hon. Mr. DANDURAND: No. I intend later to make a motion to reject the first amendment.

Hon. Mr. BLACK: The motion now is against the second amendment?

Hon. Mr. DANDURAND: Yes. It is the main amendment.

The Hon. the SPEAKER: It is moved by Hon. Senator Dandurand, seconded by Right Hon. Senator Graham, that the second amendment be not concurred in. Is it your pleasure to adopt the motion?

Hon. Mr. DANDURAND: Carried.

Right Hon. Mr. MEIGHEN: No. Division.

The motion for non-concurrence in the second amendment was agreed to on the following division:

CONTENTS

Honourable Senators

Aylesworth	Howard
(Sir Allen)	Huggessen
Beaubien	Hushion
(St. Jean Baptiste)	Lacasse
Blais	MacLennan
Dandurand	Marshall
Duffus	Molloy
Elliott	Murdock
Fafard	Paterson
Farris	Riley
Foster	Robinson
Gouin	St. Père
Graham	Sinclair
Haig	Stevenson
Harmer	Turgeon
Hayden	Wilson—31.
Horsely	

NON-CONTENTS

Honourable Senators

Asetline	Meighen
Ballantyne	Michener
Beaubien	Morand
(Montarville)	Quinn
Coté	Rainville
Gordon	Rhodes
Horner	Robicheau
Léger	Sutherland
Macdonald (Richmond- West Cape Breton)	Tanner
Macdonald (Cardigan)	Webster—19.

Hon. Mr. BLACK: I did not vote, because I was paired with the honourable senator from Westmorland (Hon. Mr. Copp).

Hon. Mr. KING: I was paired with the honourable senator from Kootenay (Hon. Mr. Green). If I had voted, I should have voted for the motion.

Hon. Mr. WHITE: I was paired with the honourable senator from London (Hon. Mr. Little).

Hon. Mr. L'ESPERANCE: I was paired with the honourable senator from De la Vallière (Hon. Mr. Raymond). I should have voted for the amendment.

Hon. Mr. ROBINSON: I may say that I was paired with the honourable senator from Royal (Hon. Mr. Jones). I voted because I thought he was here.

Hon. Mr. DANDURAND: I now move that the Senate do not concur in the first amendment in the report presented by the chairman

of the Committee on Banking and Commerce, and I desire to read a memorandum in favour of the motion.

By the amendments to the Pension Act passed in 1930, the Federal Appeal Board—which had existed since 1923—was abolished, and the Board of Pension Commissioners continued.

Up to this time no provision had been made for any retiring allowance or superannuation for any members of either of these bodies.

The amendments of this year, besides continuing the Board of Pension Commissioners, created the Pension Tribunal and the Pension Appeal Court. This enactment contained the following provisions:

"10D. (1) The Governor in Council, upon the retirement of any member of the commission, or of the Pension Tribunal or the Pension Appeal Court, who has served upon one or other of such bodies during at least twenty years, or who has so served during at least ten years and has reached the age of seventy years, or is physically or mentally incapacitated, may grant to him a pension for his life not exceeding one-third of the salary to which he was entitled as such member.

"(2) For the purpose of this section, service as a judge appointed by the Governor in Council prior to appointment as a member of the Pension Tribunal or of the Pension Appeal Court shall count as service as a member of such tribunal or court as the case may be, provided that if any such member would have become entitled to a greater pension or retiring allowance under any other statute if he had continued as such judge during his service on the tribunal or court, he may be granted such greater pension or retiring allowance in lieu of the pension by this section provided."

No change was made in this by the amendments of 1931.

The amending Act of 1933 replaced the Board of Pension Commissioners by the Canadian Pension Commission and continued the Pension Appeal Court, but abolished the Pension Tribunal.

The Act contained the following provision:

"10B. (1) The Governor in Council upon the retirement of any member of the commission, or the court, who has served upon one or other of such bodies or as a member of the Board of Pension Commissioners of Canada or of the Pension Tribunal, during at least twenty years, or who has so served during at least ten years and has reached the age of seventy years, or is physically or mentally incapacitated, and is not entitled to superannuation under the Civil Service Superannuation Act, may grant to him a pension for his life not exceeding one-third of the salary to which he was entitled as such member."

Section 9 of the Act now reads as follows:

"9. (1) The Governor in Council upon the retirement of any member of the Commission, or the Court, who has served upon one or other of such bodies or as a member of the Board of Pension Commissioners for Canada or of the Pension Tribunal, during at least twenty years, or who has so served during at least ten years and has reached the age of seventy years, or is physically or mentally incapacitated, and is not entitled to superannuation under the Civil

Service Superannuation Act, may grant to him a pension for his life not exceeding one-third of the salary to which he was entitled as such member."

The present section in the Bill therefore means that service with the Federal Appeal Board will count as well as service with the Pension Tribunal (both now abolished), or with the Pension Commission, to qualify not for a pension but for consideration for pension, under the provisions of section 9 of the Pension Act.

Only recently, in the case of one of the former members of the Commission (Colonel C. W. Peck, Y.C.) service on the Pension Tribunal was so counted in computing his length of service when he had retired on account of ill health.

It seems fair and reasonable that service with the Appeal Board should count as well as service with the Pension Tribunal.

As honourable members of the Senate will see, the Bill as it came before us added the Federal Appeal Board and allowed the period during which a member had sat on that board to be counted in the fixing of his pension. Members of all the other boards, which were replaced one after another, had the same privilege; so there is no reason why a judge who has sat on the Federal Appeal Board should not have his time counted when the measure of his pension is being fixed.

This matter was discussed in the committee, and the result is now before us. Committee proceedings usually have no echo in this Chamber, but I think I am free to say that the recommendation hardly represents the opinion of the committee, which is composed of forty-five or fifty members, as there were but fourteen members sitting around the table.

I move, therefore, that the Senate do not concur in the first amendment.

Right Hon. ARTHUR MEIGHEN: Honourable members, it is my duty to put the facts as I see them before the House. I do so most reluctantly, feeling that the effort is perfectly worthless and the time occupied simply wasted.

The clause struck out by the committee looks innocent enough, but it was inserted for the benefit of one man, Mr. Clifford B. Reilly, who is intended to be the recipient of some further bounty from this country.

The committee's verdict was—and this also was a non-partisan verdict—that there was no justification whatever for the consideration which the section provided. True, only fifteen members of the committee, including the chairman, were present; but I have never understood in the past—probably I have not been doing much thinking during my life—that a committee of fifteen was so anaemic and small that its verdict was deserving of no attention whatsoever.

Hon. Mr. DANDURAND.

The facts are these. Mr. Reilly, whom I do not know personally, and as far as I remember never did know, was appointed on the 17th of August, 1923, to be a member of the Federal Appeal Board for a term of three years.

Hon. Mr. HAIG: Five years.

Right Hon. Mr. MEIGHEN: No; three years. After serving three years his term was extended to five years, dating from the 17th of August, 1923. By Order in Council of August 16, 1928, his term was again extended for a period of five years from that date.

Hon. Mr. DANDURAND: From 1928?

Right Hon. Mr. MEIGHEN: From August 17, 1928. On August 17, 1928, he had served five years, and his period was extended for another five years. Then a law entitled "An Act to amend the Pension Act" was passed. Remember, the old Pension Act provided for the establishment of an Appeal Board, the board on which Mr. Reilly sat. The Pension Act amendment received the Royal Assent on May 30, 1930. It repealed the provisions of the old Act and established new tribunals. By the measure assented to on May 30, 1930, the position held by Mr. Reilly was abolished after he had served in it for about seven years. I mention this only to indicate that the Act was not passed for the purpose of getting rid of Mr. Reilly; at least, I assume it was not, because it was an Act of a Government headed by the present Prime Minister, the same Government which was in office when Mr. Reilly was appointed.

I call attention to this fact, that when Mr. Reilly took his appointment, with its salary of \$6,000 a year, he knew he would be entitled to no pension benefits at all. He took the appointment for the salary, and, I suppose, because of the services he could render. His position having been abolished, at the instance of the same Government that had appointed him, he felt he had a grievance. He asked for and obtained a fiat to sue the Crown, and entered action for his salary for the unexpired portion of his five-year term.

Hon. Mr. DANDURAND: My right honourable friend should state there was a change of government at that time.

Right Hon. Mr. MEIGHEN: Yes, I will state that, but it has not the slightest reference to what I am saying.

Hon. Mr. DANDURAND: It had some effect on his own career.

Right Hon. Mr. MEIGHEN: Well, I declare! What an interruption for a leader of this House! I presume if the Government had not been changed it would have appointed him to some other position.

Hon. Mr. DANDURAND: No; to the next board.

Right Hon. Mr. MEIGHEN: Maybe so. What has that to do with it? Nothing whatever. Any honourable member who admits that to his mind either does not honestly try to follow the facts as they appertain to the issue, or is incapable of doing so. It has nothing whatever to do with the facts. He sued the Government because he did not get paid for the unexpired portion of his term. The reason why there was an unexpired portion was that Parliament, on the recommendation of the Government of the day—and I make no criticism in this respect—abolished his office. He failed in the trial court, in the Supreme Court and in the Privy Council. All three tribunals held that the country owed him nothing.

What happened next? Later a new Government came into office, the King Government. Another Act was passed, abolishing the tribunals created by the 1930 law, which that same Government had put through, and establishing another tribunal. I emphasize the fact that the same Government was in office as in 1930, but again I make no criticism. That is not the issue. Let us assume that what was done was in the public interest and right. To the new tribunal Mr. Reilly was appointed at a salary of \$6,000 a year. Prior to this appointment the sum of \$100,000 had been voted by item No. 298 of the supplementary estimates for the fiscal year ending March 31, 1935. I quote from the item itself:

To provide for gratuities to former members of the Pension Tribunal and the Federal Appeal Board, subject to allocation by the Treasury Board.

Hon. Mr. DANDURAND: What date?

Right Hon. Mr. MEIGHEN: March 31, 1935. That would be under the Government of Mr. Bennett. A vote of \$100,000 was made to provide gratuities to men whose positions had been abolished. Parliament was under no obligation to make that vote. If any of it was intended to go to Mr. Reilly, the vote to that extent at least had no support from the judgments of the courts, which had held that nothing was owing to him. But evidently the Parliament and the Government of the day felt they ought to be bounteous, as Parliaments nearly always are to those right near them, and they granted \$100,000. Of that sum \$4,165 was allocated by the Treasury Board, in accordance with the terms of the vote, to Mr. Reilly.

Hon. Mr. KING: His services were discontinued in 1930, and in 1935 he was paid \$4,165?

Right Hon. Mr. MEIGHEN: Yes. I ask the House to forget for the moment that he was later on appointed to another position. Would honourable members feel that we still owed Mr. Reilly some money? He worked seven years, at an annual salary of \$6,000. No pension was attached to his position, and there was no understanding that he would get one. The courts held there was no damage because his office was abolished. But Parliament, in its bounty, decided notwithstanding to pay him something, and he was paid \$4,165. Does any honourable member feel that in respect of his past service there was still some money due to him?

Well, Mr. Reilly was appointed to another position. And as provision is being made for payment of pensions to him and other appointees, there is inserted in an Act a clause to increase Mr. Reilly's pension because of service rendered on the Appeal Board long ago. For pension purposes he is to be allowed to count his period of service on that tribunal.

Hon. Mr. DANDURAND: Like all the members of the other boards.

Right Hon. Mr. MEIGHEN: No. The others should not get any more than is due to them. Neither should he.

The motion for non-concurrence in the first amendment was agreed to on the following division:

CONTENTS

Honourable Senators

Aylesworth	Harmer
(Sir Allen)	Hayden
Beaubien	Horsey
(St. Jean Baptiste)	Howard
Blais	Hushion
Coté	Lacasse
Dandurand	Marshall
Duffus	Molloy
Elliott	Murdock
Fafard	Paterson
Farris	Sinclair
Foster	Stevenson
Gouin	Turgeon
Graham	Wilson.—26.

NON-CONTENTS

Honourable Senators

Aseltine	Meighen
Ballantyne	Michener
Beaubien	Morand
(Montarville)	Quinn
Gordon	Rainville
Haig	Riley
Horner	Robicheau
Léger	Sutherland
Macdonald (Cardigan)	Tanner.—17.

Hon. Mr. BLACK: I was paired with the honourable senator from Westmorland (Hon. Mr. Copp). Had I not been paired, I should have cast my vote in favour of the amendment.

Hon. Mr. KING: I was paired with the honourable senator from Kootenay (Hon. Mr. Green). If I had voted, I should have voted against the amendment.

Hon. Mr. GORDON: I was paired; otherwise I should have voted for the amendment.

Hon. Mr. L'ESPERANCE: I was paired with the honourable senator from De la Vallière (Hon. Mr. Raymond). Had I voted, I should have voted for the amendment.

Hon. Mr. ROBINSON: I was paired with the honourable senator from Royal (Hon. Mr. Jones); otherwise I should have voted against the amendment.

Hon. Mr. MACDONALD (Richmond-West Cape Breton): I was paired with the honourable senator from Margaree Forks (Hon. Mr. MacLennan). Had I voted, I should have voted for the amendment.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

UNEMPLOYMENT INSURANCE BILL MOTION FOR SECOND READING NEGATIVED

The Senate resumed from Monday, June 2, the adjourned debate on the motion for the second reading of Bill E3, an Act to amend the Unemployment Insurance Act, 1940.

Hon. JOHN T. HAIG: Honourable senators, I listened with much pleasure to the speeches made the other night on the motion for second reading of this Bill. I am afraid that the honourable leader of the Government (Hon. Mr. Dandurand) attached too much importance to the purpose of the amending section. It would simply empower the commission to collect information and data from time to time and report thereon.

I have in my hand an editorial which appeared on Monday of this week in what I may term one of the leading newspapers of Canada, the Winnipeg Free Press. It was written apparently by one of the members of the Sirois Commission. A perusal of that editorial would, I believe, lead one to the same conclusion that I reached on studying that part of the Sirois report dealing with the subject of national health. I do not wish to weary honourable members by reading the editorial. It simply intimates that this

Right Hon. Mr. MEIGHEN.

form of social insurance will certainly come after the war, if it is not adopted sooner. I was surprised at the attitude taken by the honourable leader of the Government when he opposed the Bill. As he then pointed out, the Sirois report recommends that matters of this sort should be left with the provinces. But there is nothing in this amending Bill at variance with that recommendation. The sole purpose of the measure is to ensure an authoritative survey of the whole of Canada with respect to a scheme of health insurance.

I do not intend to pursue this matter further. I would suggest that the Bill be passed. Its acceptance would not imply the introduction of any new principle, for the very same principle has already been adopted by the Parliament of Canada. It is not proposed that health insurance shall be dealt with under the Dominion Act, the sole intent of the Bill being, as I have said, to provide that the Unemployment Insurance Commission shall co-operate with other authorities in the Dominion or the provinces for the purpose of collecting information, so that the people of Canada may come to a proper conclusion in the premises.

I move that the Bill be given second reading.

Hon. Mr. DANDURAND: I thought that last Monday I submitted so convincing a memorandum that my honourable friend might withdraw his motion.

Hon. Mr. HAIG: No.

Some Hon. SENATORS: Question!

The Hon. the SPEAKER: The question is on the second reading of this Bill. Is it your pleasure, honourable senators, to adopt the motion?

The motion was negatived.

DIVORCE JURISDICTION BILL

AMENDMENT CONCURRED IN

Hon. Mr. TANNER moved concurrence in the amendment made by the Standing Committee on Miscellaneous Private Bills to Bill N2, an Act to amend the Divorce Jurisdiction Act, 1930.

The motion was agreed to.

THIRD READING

Hon. C. W. ROBINSON moved the third reading of the Bill.

He said: This Bill was introduced by the honourable senator from Westmorland (Hon. Mr. Copp), and he has asked me to look after it in his absence.

As amended, the Bill provides that a deserted wife, before bringing action for divorce against her husband in the courts of a province other than that of her husband's domicile, must have resided in such province separate and apart from her husband for not less than two years immediately preceding the date of the commencement of legal proceedings.

As honourable members are aware, under our law the domicile of the wife is controlled by the husband. This prevents her from instituting divorce proceedings except in the province where her husband is domiciled.

The purpose of this Bill is to give to the woman, in respect of domicile, the same privilege as that now enjoyed by the man. For instance, to-day a man may make his domicile at Churchill or any other remote place, and although he has deserted his wife, yet under our present law her domicile is controlled by his. This Bill applies only to cases of desertion, and it does seem to me to be a reasonable measure.

I move third reading of the Bill as amended.

Hon. L. COTE: Honourable senators, I am not at all satisfied with the amendment which the Private Bills Committee has reported to this House. In my opinion the amendment has not remedied the defect in the Bill as originally introduced. A married couple in Ontario, we will say, have quarrelled and the husband has apparently deserted his wife, and while she is still living in the province his conduct is such as might entitle her to a divorce. After knowledge of this has come to the wife she continues to reside there for another year, and has ample opportunity to prosecute her right of action before an Ontario tribunal, which during that year would be the court of both husband and wife. But she chooses not to do so. A year later, for reasons of her own, or possibly for some good reason, she goes to British Columbia and takes up residence. Then she decides to apply for a divorce. Under this Bill as amended, after two years' residence in the province of British Columbia she can institute an action in that province against her husband, who is in Ontario. I say this procedure is very unfair. She should have started her action long before, in the province of Ontario, when she was residing there. What is proposed here is against every principle regulating the jurisdiction of courts and the rights of litigants in the courts. In no other cause of action can the civil courts of any province assert jurisdiction under such circumstances.

Hon. Mr. ROBINSON: I beg my honourable friend's pardon.

Hon. Mr. COTE: I am afraid the interruption of the honourable gentleman indicates that I have not made my point quite clear. I am not going to try to make it any clearer than I have done. I have pointed out one weakness in this amended Bill which certainly forces me to vote against it.

On the general merits of the Bill I must admit candidly that I have no desire to see a change made in the general jurisprudence respecting the jurisdiction of the courts in order to place an action for divorce in a special and privileged class. I shall vote against the Bill.

Hon. W. M. ASELTINE: Honourable senators, after considering this Bill from all possible angles, I am unable to vote for it. I agree with what the honourable senator from Ottawa East (Hon. Mr. Coté) says with reference to jurisdiction.

I should also like to say that in my opinion the present law of Canada imposes no particular hardship on a woman who is seeking a divorce from her husband. Prior to the amendment of 1930 the woman probably was under a handicap, but that amendment gave her the right to take action in the province of the matrimonial domicile, even though the husband had deserted her and possibly had established a domicile in some other place.

In my opinion the Bill as drafted would work a hardship on the deserted wife in such a case as I am going to mention. Let us suppose that a marriage takes place in New Brunswick. After some years the husband deserts the wife and moves to Nova Scotia. The wife then changes her residence to Vancouver, in the province of British Columbia, where she resides for two years. She then decides to take action for divorce against her husband. If she does this she is obliged to bring all her witnesses from the province of Nova Scotia to the province of British Columbia in order to prove her case. This, it seems to me, would be a greater hardship on the wife than it would be for her to take her action in the beginning, say, in Nova Scotia.

Now let me take the husband's side of the same case. He may be perfectly innocent of the charge made against him by his wife. Then, even though he may be in straitened circumstances, he will be compelled to take his witnesses all the way to British Columbia in order to defend himself; and when the hearing is over, whether the wife has made out a good case against him or not—it may be that she has failed in her action—the court in British Columbia can give judgment against him for costs, which would include not only

his own costs, incurred in transporting himself and his witnesses to British Columbia, but those incurred by his wife in bringing her witnesses before the court.

It seems to me that the Bill is not necessary at the present time; I do not think it will be of very much benefit to the wife; and in my opinion it is bad legislation.

Hon. JAMES MURDOCK: Honourable senators, two or three lawyers have now spoken. I am not a lawyer, but I am a member of the Divorce Committee, and I am a little at sea in trying to understand what is contemplated here. As I understand it, with the amendment made by the Private Bills Committee, section 2 would read this way:

—at the suit of a married woman who has resided in such province separate and apart from her husband for not less than two years immediately preceding the date of the commencement of such action or proceeding and on any grounds of entitlement to such divorce provided by the law of the province in which such court is constituted.

As I understand it, this does not mean that a woman from Ontario can go to British Columbia, live there for two years as a deserted wife, and then get a divorce because of the desertion.

Hon. Mr. ASELTINE: Oh, no.

Hon. Mr. MURDOCK: She has to show reason under the law of the province of British Columbia why she is entitled to a divorce. Am I correct in that understanding? This does not change the law of any province as regards entitlement. Presumably the wife has to prove adultery in most of the provinces. Am I right?

Hon. Mr. ASELTINE: In all.

Hon. Mr. ROBINSON: I have no personal interest in this Bill, but I have no objection to sponsoring it, because I believe it is just. It gives to the wife greater privileges than she has had heretofore. At the present time she is regarded practically as a chattel of the man. Her domicile is the domicile of the husband. This Bill applies only in case of desertion, and I do not think the husband who deserts his wife deserves very much compassion from anybody. He starts out on the wrong foot. What we are trying to do is to give the poor wife an equal right with the husband. As a matter of fact, the Bill does not give her equal privileges with the husband, because she cannot sue until she has resided in a province for two years, whereas he can establish domicile in two minutes. All he has to do is to go to some place and assert his intention of remaining there. That settles the whole question.

Hon. Mr. ASELTINE.

In answer to the assertion of the honourable senator from Ottawa East (Hon. Mr. Coté) that in no province to-day is this principle recognized, I may say that we had in New Brunswick a law—I think it is still on the Statute Book—which sought to give to a woman the right to sue, regardless of where her husband might live.

Hon. Mr. HAIG: That is the law in Manitoba.

Hon. Mr. COTE: I was referring to civil cases.

Hon. Mr. ROBINSON: As I see it, this is not a matter of very serious importance. I am sponsoring the Bill in the absence of the honourable senator from Westmorland (Hon. Mr. Copp) because I think it is a just one.

I move the third reading.

The Hon. the SPEAKER: The question is on the third reading of this Bill. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. COTE: No.

Hon. Mr. ASELTINE: No.

The motion was agreed to, and the Bill was read the third time, and passed.

ADJOURNMENT—SITTING OF BANKING AND COMMERCE COMMITTEE

Hon. Mr. DANDURAND: I move the adjournment of the House. I would remind the members of the Standing Committee on Banking and Commerce that it will be sitting at 8 o'clock this evening.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Thursday, June 5, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

NATURAL RESOURCES TRANSFER BILL FIRST READING

A message was received from the House of Commons with Bill 60, an Act to amend the Alberta Natural Resources Act

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND, with leave of the Senate, moved the second reading of the Bill.

He said: Honourable senators, I intend first to read the explanatory notes to be found on the right-hand side of the first page. They are as follows:

In 1912 the Calgary Power Company was given the right to construct a dam at the outlet of Lake Minnewanka in Banff National Park with right to store 44,000 acre feet of water. Following the decision to erect a nitrogen plant at Calgary for war purposes, the company in November, 1940, applied for permission to increase the water storage capacity to 200,000 acre feet and to construct and operate a hydro-electric plant in the park for the operation of the nitrogen plant.

As the plans of the power company to develop such additional storage involved the diversion of waters outside the park boundaries, and as the park was situated within Alberta, the application was submitted to the Provincial Government, who approved of it being granted. The Natural Resources Transfer Agreement does not contemplate developments of this nature being permitted in national parks and it was deemed advisable to enter into the formal agreement referred to in the schedule hereto.

As it was planned to have the plant of the nitrogen company ready for operation on September 1, 1941, it was therefore of the utmost importance that an adequate supply of electric power be available as soon as possible. To prevent delay in completing the power expansion works, tentative permission was given to the power company under the War Measures Act to commence construction pending and subject to approval by Parliament and the Alberta Legislature.

The Bill consists of three clauses, as follows:

1. This Act may be cited as The Natural Resources Transfer (Amendment) Act, 1941.
2. The agreement set out in the Schedule to this Act is confirmed and shall have and take effect according to the respective terms thereof.
3. The Minister of Mines and Resources shall have authority to grant the licence referred to in the said agreement, notwithstanding the provisions of the National Parks Act, chapter thirty-three of the statutes of 1930 (First Session).

I have just happened on a statement by the Minister, who seemed to be concluding a long debate. It appears at page 3776, and is as follows:

I shall detain the House only a very few minutes. The suggestion or claim has been made in the course of the debate that this is not a war measure, that there is something almost sinister behind the business of granting to the Calgary Power Company the right to store water in lake Minnewanka. Let me make it unequivocally clear that this is a war measure. If I had not been convinced that it is necessary to provide continuous power for the development of an ammonium nitrate industry very much needed for the production of munitions,

I would not have made the recommendation to my colleagues that this measure be proceeded with. And I am quite sure that the Government would not have approved the measure. Let there be no misunderstanding about that.

The honourable member for Bow River (Mr. Johnston) seemed to argue on both sides of the question. I rather gathered from the remarks of the honourable member for Mackenzie (Mr. Nicholson) that he was in a somewhat similar position. The honourable member for Bow River stated that the Calgary Power Company was a subsidiary of the Beauharnois company. It is not my business here to deal with either the virtues or the iniquities of power companies, but I can assure the honourable member for Bow River that there is no connection whatever between the Calgary Power Company and the Beauharnois company. As a matter of fact, in their own fields in other parts of Canada I understand that there is a good deal of rivalry between them.

The honourable member for Mackenzie also made the suggestion that we should let the matter stand, that we should not proceed with this measure until the war is over. That as a practical matter is quite impossible. The outlay by the company for these works will be almost \$2,400,000. Even in these days that is a considerable sum of money, and if a company asked the public or its shareholders to supply this amount of money for a development of this kind on the assumption that after the war they would get some authority to continue it, it would be impossible for them to get the money. There can be no question about that in the mind of any reasonable person who is aware of the facts. The matter is one of war emergency, and I repeat that is the only reason it is before the House.

The honourable member for Témiscouata (Mr. Pouliot) is, I think, under a misapprehension, if I understood his remarks correctly. There is no proposal in this measure to pay \$240,000 to the Calgary Power Company or anyone associated with it. The Government sells its present power plant and distribution system in the town of Banff to the Calgary Power Company. That distribution system and the power plant cost \$240,000, and we get from the Calgary Power Company the depreciated value of the plant. The basis of arriving at the amount of depreciation has to be agreed upon between the Government and the company. In addition the company pays to the Government \$100,000 over and above what it pays for the depreciated value of the plant, and on top of that, as I have stated, the Government is assured of 500,000 kilowatt hours of electrical energy free of cost, its additional requirements at half a cent a kilowatt hour, and the citizens of Banff are assured of their light and power requirements at rates no greater than they are paying at the present time and under conditions subject to review by the Public Utilities Board of Alberta when they wish to have them reviewed. In that respect I think we have effectively protected the people of the town of Banff.

There I stop, without delving further into the debate that took place in the other House. I shall listen with interest to my right honourable friend's statement.

Right Hon. Mr. MEIGHEN: I have no statement.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read the third time?

Hon. Mr. DANDURAND: I move, with leave of the Senate, that the Bill be read the third time now.

The Hon. the SPEAKER: It is moved by Hon. Senator Dandurand, seconded by Right Hon. Senator Graham, that Bill 60,—

Hon. Mr. HAIG: Honourable senators, I was on my feet—

Hon. Mr. DANDURAND: But His Honour the Speaker has a right to put the motion first. Under the rules, no one can speak until there is a motion before the House.

The Hon. the SPEAKER: It is moved by Hon. Senator Dandurand, seconded by Right Hon. Senator Graham, that Bill 60, an Act to amend the Alberta Natural Resources Act, be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. HAIG: I did not get a chance to speak when I wanted to, which was on the motion for second reading. I waited until I saw that the right honourable leader on this side (Right Hon. Mr. Meighen) did not want to say anything, and then, before I had time to make my voice heard, His Honour the Speaker declared the motion carried.

Hon. Mr. DANDURAND: I confess that my eyes were riveted on my right honourable friend (Right Hon. Mr. Meighen).

Hon. Mr. HAIG: He may be a very important member, but there are still one or two others on this side of the House. I reserve my rights by objecting to third reading at this time. The Bill will now go over to next week.

Hon. Mr. DANDURAND: I am sorry I did not catch what my honourable friend said.

Hon. Mr. HAIG: I wanted to speak on the motion for second reading, but before I got a chance to do so that motion was declared carried. Then His Honour the Speaker started to ask when we would take the third reading. I got up to speak, and the honourable leader (Hon. Mr. Dandurand) said I was out of order. Now I am objecting to third reading being given to-day.

Hon. Mr. DANDURAND: I think my honourable friend is under a slight misapprehension. He is not out of order, for there is now before the House a motion for third reading. The honourable member can speak

Right Hon. Mr. MEIGHEN.

to that motion and since he said he had intended to speak to the motion for second reading, he can address himself to the principle of the Bill, if it has any principle. We shall listen with considerable interest to what my honourable friend has to say.

The Hon. the SPEAKER: Do I understand that the honourable senator desires to speak on the motion for third reading?

Hon. Mr. HAIG: No. I will use other means. I object to the Bill being read the third time now.

The Hon. the SPEAKER: Does the honourable senator move adjournment of the debate?

Hon. Mr. HAIG: I do not move. As I understand it, the rules provide that unless there is unanimous consent, a motion for third reading cannot be made without at least one day's notice.

Hon. Mr. DANDURAND: My honourable friend is absolutely right. If anyone objects to the motion for third reading being made now, the motion will have to be postponed until another sitting.

Hon. Mr. HAIG: I will speak now, as I may not be present later. I do not like this legislation. It interferes with one of the finest parks in Canada. The Calgary Power Company's request for this thing is not new at all; they have been after it for years. I seriously object to our public parks being turned over for mercantile use. Future generations in this country will look with disgust upon entry into the Banff park for the purpose covered by this Bill. In the circumstances I do not think it was at all necessary to grant the company's request. My information is that it was not necessary as a war measure. If that be so, then to grant it is unfair to the whole of Canada. It must be remembered that it is not the province of Alberta alone which has to be considered, for national parks are owned by the Dominion. One of the finest assets this country has to-day is the Banff National Park, and when hard surfaced highways have been built across Western Canada into the Rockies it will prove to be a very popular tourist attraction. Those of us who saw the national park over thirty-seven years ago can appreciate what a wonderful place it is. Again I protest against our national parks being used in this way.

Hon. Mr. DANDURAND: I confess that I am not sufficiently au fait with the local topography. I must rely on the fact that the Government of the province of Alberta, which undoubtedly has some interest in preserving the beauties of the park, has agreed to

this project as a necessary improvement. So, as against the objection of my honourable friend, who lives a considerable distance from the park, I must accept the view of the people of Alberta, as represented by their Government. As honourable members are aware, the plant is under construction and the power company requires the additional storage in order to develop extra power.

Hon. Mr. CALDER: What is the position so far as the plant is concerned? From what has been said I infer that a contract has been let for the building of a plant for certain war purposes.

Hon. Mr. HAIG: It is nearly finished.

Hon. Mr. CALDER: Then the matter is settled. If a mistake was made it was made by the Government in locating the plant at Calgary, where there is not sufficient power available for its operation. However, if a contract has been let and the plant constructed to manufacture something necessary for war purposes, we may as well stop talking.

Hon. Mr. DANDURAND: On that point also I must confess my ignorance. I do not know the reason why a contract was given for the building of the plant at Calgary.

Hon. Mr. CALDER: There may be a perfectly good reason.

Hon. Mr. BALLANTYNE: I think the power is needed for a very large ammonia plant. Ammonia is required for war purposes. I take it the additional power is necessary for the operation of the plant.

Hon. Mr. CALDER: What is ammonia made from?

Hon. Mr. BALLANTYNE: I cannot tell the honourable gentleman. It is a very large plant and is needed for war purposes.

Hon. Mr. HAIG: I know the Government, under the War Measures Act, let a contract for the plant, and it is nearly completed, and this measure is just to confirm what has already been done. But we have national parks in Manitoba, Saskatchewan, Alberta and British Columbia. The Prairie Provinces desire to attract tourist traffic from the United States, but every time you depreciate the beauty of these national parks you tend to discourage that traffic, and it is a very important source of revenue. On general principles I protest against our national parks being used for mercantile purposes. The plant could get an ample supply of gas from the Turner Valley, and there is an abundance of

coal within the province. Probably one-fourteenth of the coal reserves of the world is to be found in Alberta. We have not many scenic beauty spots in the Prairie Provinces, and this makes it all the more important that our park system, which has been developed by both the Dominion and the provincial governments, should be guarded against encroachment. Once more I protest against any further encroachment on these parks for any purpose whatever. That is the basis of my criticism.

Hon. Mr. DANDURAND: Then I presume this Bill may be given third reading on the strength of my honourable friend's statement that this shall not constitute a precedent for similar action in other parks.

Right Hon. ARTHUR MEIGHEN: I do not know anything about the necessity of the power expansion for this plant. It may be necessary or may not be. If it is, that is regrettable. But I do know the Government has no excuse whatever for bringing this matter to us as a fait accompli. It is just another instance of the contempt of Parliament which we are witnessing day by day. The legislation comes before us now; the agreement was made on March 28. This House was in session a month before that. For the purpose of capitalizing on the war at a party election, Parliament was suddenly and insultingly dissolved instead of being allowed to do the business of the country. Such being the history, we now get a Bill to authorize something already done, and we are told, when it is too late to do anything but make a futile protest, that it is our business to ratify all that has been achieved.

Hon. Mr. DANDURAND: I think my right honourable friend has not covered the whole ground. Any delay in coming to Parliament was due to the discussions with the Alberta Government to obtain its assent to the proposal. But we are faced with the necessity for the development of power, and I think this requirement has the approval of my right honourable friend.

Right Hon. Mr. MEIGHEN: I do not know. It does not matter anyway.

The motion was agreed to, and the Bill was read the third time, and passed.

PRAIRIE FARM REHABILITATION BILL FIRST READING

A message was received from the House of Commons with Bill 92, an Act to amend the Prairie Farm Rehabilitation Act.

The Bill was read the first time.

SECOND READING

Hon. RAOUL DANDURAND, with leave of the Senate, moved the second reading of the Bill.

Right Hon. Mr. MEIGHEN: Can the Minister tell us what, if any, rehabilitation of prairie farms has actually taken place under the tremendous expenditure made, and being made, under this Act, except what has occurred by process of nature?

Hon. Mr. DANDURAND: I am not in a position to give a statement of what has been done under the Act. I think I had occasion to present to this House, or at all events to read myself, a lengthy report of the activities of the department in this connection. I realized then that many things had been done to help the farmers of the West who were in a sorry plight because of drought, dust storms, and lack of water and transport. I could procure that report and enlarge upon what has since been done.

The purpose of this Bill is to allow the Minister to proceed with works involving an expenditure not exceeding \$5,000 without first securing approval of the Governor in Council. It is purely an oversight that a similar provision was not embodied in the original Act. The Public Works Department is governed by statutory regulations which prohibit the Minister of that department from entering into a contract of \$5,000 or more without an Order in Council. Under the Prairie Farm Rehabilitation Act the Minister of Agriculture finds himself obliged to get authorization to spend even \$100. This measure would give him freedom of action in dealing with important and necessary projects which come within the \$5,000 limitation. The clause reads:

The Minister may,

- (a) subject to section 4 of this Act, undertake the development, construction, promotion, operation and maintenance of any project or scheme under or by virtue of this Act, or enter into agreements with any province, municipality or person with respect thereto: provided that if the total amount to be expended under any single project or scheme under this section exceeds \$5,000 in any fiscal year, the approval of the Governor in Council shall be required;
- (b) pay all necessary administrative expenses incurred under the Act and all necessary travelling and living expenses incurred by officials or employees in performance of their duty.

The section, as amended, will facilitate administration of the Act and give the necessary leeway to that end.

The motion was agreed to, and the Bill was read the second time.

Right Hon. Mr. MEIGHEN.

THIRD READING

Hon. Mr. DANDURAND, with leave of the Senate, moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

WAR CHARITIES BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK, Chairman of the Standing Committee on Banking and Commerce, presented the committee's report on Bill 64, an Act to amend the War Charities Act, 1939.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed, and the Bill was read the third time, and passed.

DOMINION SUCCESSION DUTY BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK, Chairman of the Standing Committee on Banking and Commerce, presented the committee's report on Bill 79, an Act to authorize the levying of Duties in respect of Successions.

He said: Honourable senators, the committee held two sessions for the study of this Bill. Various suggestions were made by different members of the committee respecting changes which might be necessary to the proper working of the measure. Perhaps the two principal objections raised were, first, to section 16, as to which it was suggested that the word "shall" was presumably mandatory and that the word "may" should be substituted. Then again, as to Part VII, which provides for prohibitions and penalties, some of the members of the committee thought the penalty for misrepresentation as to the declared value of an estate for succession duty purposes excessive, inasmuch as it is twice the total amount of the assessment for duty. The Inspector of Insurance was present at the meetings, and he was requested to think this matter over during the evening and report back to the committee.

Hon. Mr. DANDURAND: I beg the honourable gentleman's pardon. It is not the Inspector of Insurance.

Hon. Mr. BLACK: I should have said the Commissioner of Income Tax, Mr. Elliott. He agreed to do that, and when he appeared before the committee last night he stated that this provision would not in any case be enforced immediately, and he asked the members of the committee to allow the Bill to

pass without change, assuring them that if, after the first year of operation of the law, changes were found to be necessary, the Minister would come to Parliament and request the required amendments. He also assured the committee that so long as he was Commissioner of Income Tax the word "shall" should be interpreted as meaning "may". He further stated that in his opinion the penalties were not too severe for fraud, but if they proved to be so they too would be amended, and he brought a message from the Minister of Finance—the leader of the House was there—asserting the willingness of the Government to abide by this assurance. Therefore the committee has reported the Bill without amendment.

Hon. C. C. BALLANTYNE: Honourable senators, I should like to have the opinion of the honourable leader of the House in regard to section 15. I understand from what has been said by the honourable gentleman who has just presented the report of the committee (Hon. Mr. Black) that the penalty for failure to make full disclosure in a return to the Government will be based only on the undisclosed amount and not the total of the succession.

Hon. Mr. HAIG: That is clause 16.

Hon. Mr. BALLANTYNE: Yes, clause 16. I should like the honourable leader of the House to make that abundantly clear, because the public are interested in this, as we all know, and would appreciate a very clear and definite pronouncement.

Hon. Mr. DANDURAND: There has been some divergence of opinion on the meaning of this clause, and some question as to whether it may not be susceptible of two interpretations. I may say that I examined it closely with the Commissioner, Mr. Elliott, and we concluded that the penalty of "one hundred per centum of the amount of the duty levied in respect of the succession to such property" referred to the undisclosed property and not to the general assets of the estate.

Hon. Mr. BALLANTYNE: The undisclosed amount only.

Hon. Mr. DANDURAND: Yes, the undisclosed amount only. Here is the clause:

If any person required to file a statement pursuant to section fifteen of this Act omits to disclose any property included in a succession which should have been so disclosed, the person filing the statement shall be liable to pay to the Receiver General of Canada as a penalty an amount equal to one hundred per centum of the amount of the duty levied in respect of the succession to such property.

The words "to such property" can refer only to the property which has not been reported, and which, in the words of the first phrase of the section, is undisclosed.

The Commissioner stated that as amendment after amendment followed the enactment of such legislation in Great Britain and the United States, the Minister would undoubtedly return to Parliament at the next session to suggest some amendments, that these would contain a very clear pronouncement along the lines I have just indicated, and that in this way an endeavour would be made to assure the public that penalties which were deemed unconscionable by some members of the committee—I will admit I was one of them—would be so tempered as to satisfy equity and the public conscience. •

Hon. Mr. BALLANTYNE: I want to thank the honourable leader for his statement. I think I understand him correctly. This Act is going into effect immediately after the Royal Assent, I take it. I understand, then, that in relation to those who pass away between now and next session, and their executors, the one hundred per cent will apply to the amount wilfully left undisclosed, and to nothing more.

Hon. Mr. DANDURAND: Absolutely.

Hon. JOHN T. HAIG: Honourable senators, the draftsman of this Bill has evidently been used to drafting measures which impose heavy penalties on persons who have knowledge of the facts they are obliged to report. For instance, the Customs Act imposes some very drastic penalties on the person who, when making an unsatisfactory return, has knowledge of the facts. The same is true of the income tax law. The penalties apply to persons or companies to whom the facts are known. The same system is used in the drafting of this Bill, although in the matter of succession duties there is an entirely different situation. That is my first criticism of the Bill. The executor or administrator, as the case may be, frequently has no personal knowledge whatever of the facts. Those of us who engage in the practice of law know that men are sometimes surprised to find that they have been appointed executors of an estate.

Secondly, as was pointed out by several members of the committee, in the wording of section 16 there should be an amendment. The word "shall" should be changed to "may," and some discretion should be allowed to either the Minister or the Commissioner of Succession Duties. In actual practice in our provinces—I can speak with personal knowledge of only two—the superintendent or the

head of succession duties collection has very wide powers. I have every confidence that so long as the present Commissioner of Income Tax is at the head of this department no drastic penalties will be inflicted except in case of fraud.

I have been taught that Parliament should not pass legislation knowing that it requires amendment; and, if this House has any function to perform in accordance with our Constitution, it is to revise legislation and see that it contains no provisions which we as legislators know should not be there. I will remember someone in the Manitoba Legislature raising objection to a statute and receiving the reply, "Well, let the judges decide." To a limited degree that is like what is being done in this case.

If a penalty is imposed, there is no appeal from it. Under section 16 you can go to court and review the proceedings, and if the court is satisfied that there was no intentional misrepresentation there will be no liability. I think section 36 should be so amended as to give a right of appeal on the amount of the penalty. There is very good precedent in our Criminal Code as to the fixing of a maximum penalty, although under the liquor laws, I think, the judge is not permitted to exercise any discretion.

Then there is something omitted which should be included in the Bill. In succession duty work the problem is not in the failure to disclose all the assets. In ninety-nine cases out of a hundred there are assets about which the executor and the solicitors for the executor know nothing. You must remember that many people do not keep books or full records. I think a good deal of attention should be given to this side of the picture. In the settling of estates most trouble is caused when the deceased has left property in some province or provinces other than the one in which he resided. The difficulty is to get at a corresponding basis of valuation in each province. I should have liked to see the Bill made much wider. In my opinion it ought to have made the reaching of agreement on valuation not merely permissible, but compulsory.

The Bill contains many provisions I do like. I like section 35, which provides that once you get your certificate you are discharged from any further claim, unless fraud is proved against you. A certificate of that kind is final. Unfortunately this cannot be said of the certificate that is given by one of our largest provinces. A certificate from that province does not mean that the business is settled; it is just a start, and there seems to

be no end to the matter. I compliment the draftsman of this Bill upon the insertion of such a sterling clause as section 35. I predict there will be a lot of difficulty, however, in making valuation where the deceased man had property in more than his own province.

I wish the Dominion Government had left the succession duty field alone altogether. I realize, though, that money is needed for the purpose of financing the war, and that one way to get some is to tax successions. However, I think this is a provincial field which should never have been invaded by the Dominion. I do not hold the same view with regard to income tax and corporation tax. My opinion is that the successions tax can be handled better by the provinces.

As the chairman of the committee has reported, we suggested amendments, but the Minister indicated, through the Commissioner of Income Tax, that the Government did not feel like agreeing to any amendment. The Commissioner said that in the course of the next six or eight months there would be another session of Parliament, at which any difficulties encountered in the working of the Act could be ironed out. That is well and good, and I have no reason to believe it will not be done. But I say that we as legislators should never place on the Statute Book of this Dominion an Act such as this. With the power given him by this measure the Commissioner could do as he liked, and in comparison the actions of the administrator in any province would seem like child's play. I protest as vehemently as I can against being a party to any such legislation. This is just the thin edge of the wedge of bureaucracy making its way into our country. It is a challenge to free democratic institutions. When the civil service runs the country, and when we as members of the Senate or of the House of Commons have no right to challenge the actions of a bureaucracy, it is time to call a halt. I repeat that we should never permit such legislation to be placed upon the Statute Book of this country. I suggest that next time this subject is dealt with the Government should introduce the bill in the Senate, which would have the time to review it. Here it would be considered from a standpoint, not of politics, but of what is in the best interest of the country.

Nothing causes more trouble than the administering of wills and the transferring of property from the deceased to the heirs. After this Bill is passed the probating of wills will be more costly. I am referring, not to the increase in succession duties themselves, but to the extra cost of doing the business.

My criticisms of this Bill are not based on any personal grounds, or made against the

Commissioner or the Minister. They are based, first, on the general principle that we should not pass legislation which in our heart of hearts we know is not the kind that ought to be passed in order to accomplish the purpose we have in view; and, secondly, on my conviction that the succession duties field is a purely provincial one, which never should have been invaded by the federal authorities.

Hon. GEORGE GORDON: Honourable senators, it appears to me ridiculous that a man should be penalized for failure to disclose assets, unless the lack of disclosure was fraudulent. I have had a little experience in connection with estates. What often happens is that an executor knows nothing about the estate he is called upon to administer, and though he may feel absolutely sure that he has disclosed all the assets, there may be some that have not been brought to his attention. Therefore I say that if there is to be any penalty for not disclosing assets, the Bill should make clear that this means where assets are fraudulently concealed.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I will call attention to two parts of the Bill, which have already been referred to by the honourable senator from Winnipeg South-Centre (Hon. Mr. Haig). First, section 16. I do not think anyone here will dispute my conclusion that if an executor or an heir omits, however innocently, to disclose some certain asset, his omission will render him immediately liable, under section 16, for not only the duty, which of course he would have to pay in any event, but double the duty as well, in respect of that particular asset. That is, he would be liable for three times the duty imposed by this Bill. Further, this liability would not be subject to the discretion of the Minister or an official, but would be an absolute one. The only way he could escape liability would be to go to court and prove that his omission was not intentional. Will anyone suggest that is British justice or fairness? In committee the Commissioner of Income Tax did not dispute that the liability was fixed at once, and irremovable by any means save an appeal to the court, however innocent the man might be.

Hon. Mr. ROBINSON: The penalty is not three times the duty; it is 100 per cent.

Right Hon. Mr. MEIGHEN: Perhaps I am wrong about that. Yes, I see it is 100 per cent of the amount of the duty; the duty is doubled. It is in another part that the duty is trebled.

The second provision I want to refer to is section 36. As I have said, the penalty in

some instances is three times the duty. An appeal may be made against the assessment of duty, and if the duty is found to be not owing, the penalty of course falls; but if the duty is found to be owing, there is no appeal in respect of the penalty, and only the maximum penalty can be imposed. However mitigating the circumstances are, and although the penalty may amount to a large sum—perhaps half or three-quarters of the duty payable on the whole estate, or even more—the heir or executor has no appeal at all in relation to the amount of the penalty. That is fixed, final and irrevocable.

I feel there is not one honourable member of this House who thinks that legislation such as this ought to pass. What, then, is the situation? The committee received intimation, through the Commissioner of Income Tax—for whom no one has higher regard than I have—first, that the Government wants the Bill to go through without amendment; second, that if the measure does not work right, the Government itself will bring down necessary amendments in six months or a year from now; and, third, that if there is a case in which an unfair imposition is called for by the Act, the Commissioner will interpret the law differently from the way it reads. I know every honourable member of this House must feel his breast swell with elation as he realizes the function we fulfil!

Hon. Mr. DANDURAND: My right honourable friend has perhaps gone beyond the thought and statement of the Commissioner of Income Tax, who said that the Minister would much prefer to have the Bill go through as it is.

Right Hon. Mr. MEIGHEN: We know what that means.

Hon. Mr. DANDURAND: As the Commissioner said, there was not the least intention of denying to the Senate the right to exercise its discretion. He feels that this is but a provisional measure, which will have to be worked out. It contains many clauses that will need correction. The penalty clauses provide considerable ground for special and minute study. Some members of the committee suggested that any amount mentioned as a penalty should be provided as a maximum penalty only; that the Bill should state the penalty shall not exceed a certain amount. It was contended this would give the Minister leeway to judge as to the degree of guilt and to base the penalty upon that. A duty of that kind would necessitate detailed and careful study of many cases by the department and the Minister. Other members of the committee suggested it should be left to the Exchequer Court to fix the amount

of the penalty. Additional suggestions were made. The representative of the Minister told us that all these suggestions—and, I may say, all that are made in this Chamber—will receive careful consideration when the bill to amend the Succession Duty Act is being prepared for, as I think he said, next session. He stated the Minister was inclined to temper these penalties so they would not run counter to his own sense of justice and equity.

Right Hon. Mr. MEIGHEN: I need only point out that the correction is as plain as day. In line 30 all one has to insert is, "at the discretion of the Minister before the liability becomes fixed and immovable." To that simple and clear correction the Commissioner quite agreed. But word comes, "The Government wants the Bill passed unamended," and we know what that means.

Hon. Mr. DANDURAND: It is for my right honourable friend to say or think what would be the state of mind of the Government were the Bill returned to the House of Commons with amendments. Of course, I cannot bind the Government as to what would be its action. However, after hearing the Commissioner of Income Tax we decided that we would pass the Bill, relying on the assurance which he gave us with the authority of the Minister.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

SPECIAL WAR REVENUE BILL

REPORT OF COMMITTEE

Hon. F. B. BLACK, Chairman of the Committee on Banking and Commerce, presented the committee's report on Bill 88, an Act to amend the Special War Revenue Act.

He said: The committee have examined the Bill and beg leave to report the same without amendment. In submitting this report the committee desire to include the following statement from the honourable the Minister of Finance with respect to clauses 3 and 4 of the Bill:

My position is this:

The Superintendent of Insurance has pointed out the inconsistency between section 16 of the Special War Revenue Act, which apparently assumes the validity of a provincial licence even when there is no Dominion licence in the case of a foreign company, and section 58 of the Foreign Insurance Companies Act, which makes a Dominion licence an essential prerequisite to the transaction of business in

Hon. Mr. DANDURAND.

Canada by such foreign company. The Superintendent of Insurance says that it is essential that this inconsistency be removed if he is to enforce section 58 of the Foreign Insurance Companies Act effectively.

One company is violating section 58 of the Foreign Insurance Companies Act and the Superintendent tells me that there is a prospect of other violations taking place.

Section 58 was framed in the light of the decision of the Privy Council in 1931 and is believed by the Government to be constitutionally valid. It was hoped that no province would challenge that position. Now that the governments of two provinces have done so and the Attorney-General of Ontario has requested that there be a reference to the courts in order to determine whether such legislation is within the competence of the Parliament of Canada, I am advising the Attorney-General of Ontario that if the legislation is passed, I will recommend to the Government of the Dominion that a reference be made to the Supreme Court of Canada for the purpose of determining the validity of the legislation.

It is my view that it would be better in the interests of all for the constitutional point to be decided so that there will be certainty in the matter than that the present unsatisfactory situation continue.

I may say that a more satisfactory way of determining the validity of the proposed enactment would be by proceedings between the Crown and any foreign company violating the provisions of section 58, but as a request has been made for a reference, I am prepared to recommend to the Government that they accede to that request.

J. L. Ilesley,
Minister of Finance.

MOTION FOR THIRD READING

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: With the leave of the Senate, I move that the Bill be now read a third time.

Right Hon. ARTHUR MEIGHEN: Honourable members, I addressed a few words to the House when this measure was before us two days ago. Those words were spoken at a time when I had not had an opportunity as thoroughly to review the various factors appertaining to the legality of the measure as I should have liked to have, and I may not have presented with thorough accuracy my objections to the Bill. I know of nothing I then said that was not correct, but I did not have as full a comprehension of the situation as I feel I have to-day.

Our Foreign Insurance Companies Act of 1932 contained a provision that no foreign insurance company could do business in Canada unless it had a Dominion licence. This clause, if it were valid, prevented a company from getting a provincial licence and operating without a federal licence. We assumed jurisdiction and justified it on the

ground that, a foreign insurance company being an alien, the Federal Parliament could exercise control. That the Federal Parliament has control in respect of aliens no one disputes; but there are those who very vigorously question whether we can utilize that jurisdiction to effect a purpose relating to a subject which comes within provincial jurisdiction, such as the business of insurance.

This is what follows. Lloyd's come in and do the business of insurance under provincial licence. But Lloyd's do not become liable to exclusion, for the reason that by the Act they are specifically excepted and require no Dominion licence.

Hon. Mr. DANDURAND: The Act of 1934?

Right Hon. Mr. MEIGHEN: 1932.

Hon. Mr. DANDURAND: Not 1932; 1934.

Right Hon. Mr. MEIGHEN: It does not matter. I think it is the Act of 1932.

Another company comes in, the Mutual Insurance Company of Boston—not a fire company—and takes out a Quebec licence in 1934 and an Ontario licence in 1937, and operates in a limited way within those two provinces.

Under the 1932 Act the factory mutuals, as they were then and are still known, were permitted to come in, getting, of course, a federal licence and making their deposits federally, under conditions different from those which govern deposits of the other companies.

The factory mutuals represented that they could not make their Canadian deposits applicable only to their Canadian insured. They convinced the House at that time, and no doubt it was correct, that they could not. Lloyd's said they could not, and they have made no deposits. On the other hand, the factory mutuals have come in, got their licence and made their deposits, such deposits under this exceptional provision being applicable over the whole area of their insured, instead of being confined solely to their Canadian policyholders.

The provision under which those factory mutuals came in was a provision admitting fire companies of this character. Just why "fire" was inserted I do not know. Likely it was never thought there would be any other than factory mutuals that were fire companies.

In 1934, when this Boston company sought to come in in the same way and applied for a licence federally, so as to get in under section 58, referred to by the chairman of the committee, it was refused on the ground that it was not a fire company. No fault

can be found with the refusal, because unfortunately the exception, which was restricted to factory mutuals, used the word "fire." It is clear that this Boston company was only too willing to take out a federal licence, but was not able to do so, because it was of the nature of the factory mutuals. Being a continental concern, it could not allocate funds applicable only to Canadian policyholders; it was unable under the very nature of its operations or under its charter. It should have been permitted by the law to come in in the same way as the factory mutuals. Therefore this company, as I have said, simply took out a Quebec licence and three years later an Ontario licence. It is a strong, reputable company, adequately, indeed amply, financed.

I have listened to the report which the chairman of the committee made of the words of the Superintendent of Insurance. He said: "We want this amending legislation to bring our taxation law into accord with our general law. Our general law, embodied in this section 58, forbids any foreign company to come into Canada and do business without a federal licence. I cannot enforce that law unless you will give me a taxation provision enabling me specially to tax the shareholders of that company."

Now, my first question is this: Why can he not do so? If Parliament passes a law—section 58—prohibiting any alien company to do business in this Dominion without a federal licence, why can he not enforce it? Did he explain to the committee what his hindrance was?

Hon. Mr. BLACK: No, not to my knowledge.

Right Hon. Mr. MEIGHEN: Not at all. Is it not strange to the minds of honourable members that the Superintendent of Insurance, with the law there forbidding admission of these companies, cannot stop them? One would think all he had to do was to go to the appropriate court and get an order. Our laws are not just drops of water or waves of wind. Why does he not do so? Well, I will give you what is in my mind. I think he has been advised by the Department of Justice that section 58 will not stand—or I do not know anything about it. If he has not been so advised there is certainly a way of enforcing the law. I know of no other inference than that he is afraid to take action under section 58. He says: "Give me a taxation provision, and then I will enforce it. Allow me to tax these people, allow me to impose a 10 per cent tax over and above the 2 per cent provided by section

14—12 per cent on the premium income from every Canadian policyholder who pays into that company, and I will shut the company out.”

For the ability of the Superintendent of Insurance I have profound regard; for his will-power I have just as profound a regard; for his persistency I place him away ahead of all others of his race.

Hon. Mr. HAIG: Hear, hear.

Right Hon. Mr. MEIGHEN: But are we to do his bidding? He says, “Give me a taxation weapon and I will keep these fellows out.” The Privy Council says, “You cannot give taxation weapons for any purpose except taxation.” It has told us that time and again; but we obediently follow the Superintendent of Insurance. In the Reciprocal Insurers’ case, decided towards the end of 1931 and reported in 1932, the Privy Council told us we had passed two sections of the Criminal Code—508C and 508D—which made it an indictable offence to carry on the business of insurance without a federal licence. We had sought to use our criminal jurisdiction to obtain an end respecting the business of insurance, and we were jerked to account by the Privy Council, and properly so. These two sections were passed when I was a member of the Government. I do not suppose I ever knew they were passed; I was engaged in other occupations then; and if I had known, I should not likely have seen the objection anyway. Surely, in the light of this decision, no mind is confused now. The Privy Council said, “You cannot bring in your insurance jurisdiction by the scruff of the neck and thereby usurp the jurisdiction of the provinces in the matter of insurance,” and it declared these two sections to be null and void. I think that any of us who had studied these sections at the time and fully realized their purport, and the circuitous by-paths by which we were attempting to gain an end that we had no right to gain under the Constitution, would have been ashamed to pass them.

We tried again in 1923, and the legislation was arraigned before the Privy Council, this time at the instance of the province of Quebec; and again what we had done was declared illegal. The legislation of 1923 which I refer to is to be found in sections 16, 20 and 21 of the Special War Revenue Act, the very Act we are dealing with now. The question was whether these clauses, which imposed a tax of 5 per cent of the total net cost of insurance for the preceding year on anyone who insured his property in any British or foreign company not licensed federally, were within the legislative competence of this Parliament. The

Right Hon. Mr. MEIGHEN.

judgment of the Privy Council is about as clear as any judgment that ever found reflection in the English language. It says:

Their Lordships cannot do better than quote and then paraphrase a portion of the words of Duff J. in the Reciprocal Insurers’ case.

Mr. Justice Duff, sitting as an Imperial Privy Councillor on the Reciprocal Insurers’ case, had used the following language:

In accordance with the principle inherent in these decisions their Lordships think it is no longer open to dispute that the Parliament of Canada cannot, by purporting to create penal sanctions under section 91, head 27, appropriate to itself exclusively a field of jurisdiction in which, apart from such a procedure, it could exert no legal authority, and that if, when examined as a whole, legislation in form criminal is found, in aspects and for purposes exclusively within the Provincial sphere, to deal with matters committed to the provinces, it cannot be upheld as valid.

As Lord Dunedin said, in expressing the opinion of the Privy Council:

If instead of the words “create penal sanctions under section 91, head 27,” you substitute the words “exercise taxation powers under section 91, head 3,” and for the word “criminal” substitute “taxing,” the sentence expresses precisely their Lordships’ views.

So I read the opinion of the Privy Council, paraphrased by Lord Dunedin, as representing precisely their Lordships’ judgment of the law as it is to-day—and their judgment is final.

In accordance with the principle inherent in these decisions their Lordships think it is no longer open to dispute that the Parliament of Canada cannot, by purporting to exercise taxation powers under section 91, head 3—

Just what we are doing by the Bill before us.—appropriate to itself exclusively a field of jurisdiction in which, apart from such a procedure, it could exert no legal authority, and that if, when examined as a whole, legislation in form taxing is found, in aspects and for purposes exclusively within the Provincial sphere, to deal with matters committed to the provinces, it cannot be upheld as valid.

If Lord Dunedin had set out to describe what we are doing here, he could not have done it more accurately. It is just what we tried to do in the legislation brought before the Privy Council by Quebec, which law was declared invalid and set aside.

I should like to vote against this measure. My mind revolts against the passing of legislation of this kind. If we cannot do something directly, for goodness sake let us not try to do it at all.

I am not at all certain that section 58 of the Foreign Insurance Companies Act is valid. I would not ask people to have great regard for it if I were. If section 58 is not valid, we have no excuse for passing this; if section 58 is valid, we have no need of this. The Superintendent of Insurance would not raise

the question the Department of Justice is afraid of, and he asks us again to debase ourselves in this way and defy the Privy Council. He is confronted by the Minister of Finance, and, this time, by the objections of the province of Ontario.

Hon. Mr. HAIG: And New Brunswick.

Right Hon. Mr. MEIGHEN: And of New Brunswick too—and he says: "Oh, pass this, pass this, and after it is passed we shall refer the clause to the Supreme Court." Very good. But what is to happen the company in the meantime? What is to happen its insured? Is the company not likely to lose its clientele? It certainly is going to be put to great expense. I do not suppose that can be avoided. I should like it to be avoided by our voting against the measure. But, I ask, would it not be the fair thing to suspend the section until judgment is passed upon it? Can any harm be done that way? If in that way we seek only to establish our jurisdiction, and, having established it, to act upon it, we do no wrong; but if we do it this way we do a wrong, unless we are upheld against the judgments of the past.

I therefore move:

That this Bill be not now read a third time, but that it be amended by adding the following as section 29 thereof:

Sections 3 and 4 of this Act shall not come into effect until proclamation by the Governor in Council, and such proclamation shall not be issued until section 4 of this Act shall have been submitted to the Supreme Court of Canada for the purpose of having the judgment of the said Court on the constitutionality of said section 4, and said judgment has been given.

You will ask why I include section 3 in this motion when only section 4 is to be submitted. Section 3 is essential for the purposes of the department only if section 4 becomes law. It is really rather peculiar that section 3 should be there. What section 3 does is to remove Lloyd's from the definition of a British company. If by section 3 Lloyd's were not taken out, all the insurers in Lloyd's would come under section 4 and would have to pay the extra ten per cent. I do not know why they should not pay it if the insurers in the Boston company have to do so. I am not asking that they should pay it—I do not think they should—and certainly the Boston company is not asking that they should; but as a matter of principle there is no difference between them. One cannot help feeling that this was done to avoid the tremendous opposition that would arise from the vast multitude of Lloyd's insurers in Canada. If that was not the reason, I should be glad to hear what it was, because in point of principle I cannot

distinguish Lloyd's insurers from the insurers in the Boston company. I never heard of any distinction.

Hon. Mr. MOLLOY: Why should there be any?

Right Hon. Mr. MEIGHEN: I do not think there should be any at all. I say section 3 is there to be in effect only if section 4 comes in; so they should both be suspended until the constitutionality of section 4 is determined by the courts. If the decision is unfavourable, section 3 will never come into effect; if it is favourable, they will both come into effect.

Hon. Mr. DANDURAND: Does my right honourable friend say that these clauses affect Lloyd's?

Right Hon. Mr. MEIGHEN: They take care that Lloyd's are not affected.

Hon. Mr. DANDURAND: Then Lloyd's are not affected by this.

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. DANDURAND: They are not affected by this because in 1934 my right honourable friend himself eliminated Lloyd's from the operation of the Act—

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: —by the definition of a British company, calling it an incorporated company. As Lloyd's were not incorporated, they were not covered by our Act. My right honourable friend and I are agreed that this has nothing to do with Lloyd's. But he overlooks the fact that the Department of Justice was consulted and declared this to be *intra vires* of our Parliament. We come to Parliament supported by that opinion, and I say Parliament has no right to ignore that and take the stand that its authority is limited. In the opinion of the Department of Justice we are here acting within our own powers.

Right Hon. Mr. MEIGHEN: Has the honourable leader got that opinion of the Department of Justice there? I should like to have it read.

Hon. Mr. DANDURAND: My right honourable friend was not present in committee last evening when Mr. Finlayson was called upon to discuss this matter. I asked him about this point. And I may say that yesterday morning—I woke early in order to attend to these questions—I asked the Minister of Finance about the point, in the presence of Mr. Finlayson. They both stated they had the opinion of the Department of Justice as to the legality of our action.

Right Hon. Mr. MEIGHEN: I should like to hear the opinion read.

Hon. Mr. DANDURAND: Let me now repeat what the Minister of Finance stated with respect to sections 3 and 4:

My position is this:

The Superintendent of Insurance has pointed out the inconsistency between section 16 of the Special War Revenue Act, which apparently assumes the validity of a provincial licence even when there is no Dominion licence in the case of a foreign company, and section 58 of the Foreign Insurance Companies Act, which makes a Dominion licence an essential prerequisite to the transaction of business in Canada by such foreign company. The Superintendent of Insurance says that it is essential that this inconsistency be removed if he is to enforce section 58 of the Foreign Insurance Companies Act effectively.

One company is violating section 58 of the Foreign Insurance Companies Act, and the Superintendent tells me that there is a prospect of other violations taking place.

Section 58 was framed in the light of the decision of the Privy Council in 1931 and is believed by the Government to be constitutionally valid. It was hoped that no province would challenge that position. Now that the governments of two provinces have done so and the Attorney-General of Ontario has requested that there be a reference to the courts in order to determine whether such legislation is within the competence of the Parliament of Canada, I am advising the Attorney-General of Ontario that if the legislation is passed, I will recommend to the Government of the Dominion that a reference be made to the Supreme Court of Canada for the purpose of determining the validity of the legislation.

It is my view that it would be better in the interests of all for the constitutional point to be decided so that there will be certainty in the matter, than that the present unsatisfactory situation continue.

I may say that a more satisfactory way of determining the validity of the proposed enactment would be by proceedings between the Crown and any foreign company violating the provisions of section 58, but as a request has been made for a reference, I am prepared to recommend to the Government that they accede to that request.

The Government's offer to refer the matter to the Supreme Court was made on the suggestion of the Attorney-General for Ontario. That province and New Brunswick expressly desired that the point be determined, and the Minister of Finance said he would have it done. It was suggested in committee yesterday that section 4 might be suspended until judgment is handed down. The Superintendent of Insurance said—and I supported him in this—that a reference could be submitted probably by the first of September, and a decision obtained some time between the first of January and the spring. He added that no taxation could be levied under the section before the spring. In the circumstances I take it for granted we should proceed on the assumption that the Department of Justice is correct in saying it is within our constitutional power

Right Hon. Mr. MEIGHEN.

to enact this measure. I urge that we should deal with my right honourable friend's amendment, which I do not intend to support.

Hon. Mr. HAIG: Honourable senators, I did not know the right honourable leader on this side (Right Hon. Mr. Meighen) was going to make a motion at all. At the committee last night I suggested that section 4 be suspended until a decision had been handed down by the court, and that if the decision were favourable to the Dominion the section be then made effective by proclamation. My honourable friend the leader of the Government (Hon. Mr. Dandurand) did not say he had an opinion that the section was valid. Neither did Mr. Finlayson give me such information when I asked him about the section. All he said was that he felt sure a decision could be handed down before he would be required to levy the taxes. He explained he could not make a levy until after the 31st of December, when he got returns from brokers.

Hon. Mr. DANDURAND: I had a conversation with the Minister and Mr. Finlayson together. I do not remember whether the department's opinion was referred to before the committee.

Hon. Mr. HAIG: No, it was not.

I am doubtful if a reference can be made to the Supreme Court before the end of September. The fall sittings do not begin until the 20th of that month. The court might come back earlier, but that is unlikely, as a good many judgments have been reserved and are still to be rendered. After the Supreme Court's decision is handed down, there may be an appeal to the Privy Council, which would probably mean postponement of the final decision until March of next year. That is why I suggest that section 4 be suspended and, if found valid, brought into effect by proclamation. I must say candidly that Mr. Finlayson did not make a very convincing answer to my suggestion. He seemed to be set on having the legislation passed so that he could try to have the levy made. If my suggestion were followed we should avoid making a challenge to Ontario and New Brunswick.

Hon. Mr. DANDURAND: Ontario suggested a reference.

Hon. Mr. HAIG: But it did not suggest that we should pass the legislation in the meantime. The two provinces would have a much friendlier feeling towards the Dominion Government if they were told, "It is our intention not to bring section 4 into effect until it is declared valid by the court."

Hon. Mr. CALDER: Honourable members, I must confess I have not reached any conclusion as to what should be done on the question now before us. I take it we all understand what the situation is. But we lack the one thing we need in order to form a basis for our judgment as to what should be done: that is, the real opinion of the Department of Justice as to section 4. What have we before us? Simply an indefinite statement as to what the department has or has not said. What is the function of the Department of Justice if not to render an opinion in a controversial matter such as this? It seems to me that we should not deal with this section until we have at least the department's written opinion as to the validity of section 4.

Right Hon. Mr. MEIGHEN: Hear, hear.

Hon. Mr. CALDER: Is there any reason why this Bill should be put through to-day? I understand we shall be sitting next week, probably until near the end of the week. The only questions at issue are these: Is section 4 valid? And is there any real necessity of putting the section into effect until the court has decided whether or not it is within our constitutional power? Unless there is some reason why this Bill should be passed this afternoon, we might as well put it over until next week.

Hon. Mr. COTE: Honourable senators, I was one of those who in committee last night supported the proposal of the honourable senator from Winnipeg South-Centre (Hon. Mr. Haig) that the disputed section be made effective by proclamation, if upheld by the court. I asked Mr. Finlayson whether he had any objection to that suggestion. He said he had, but he failed to give me any convincing reason in support of his objection. He seemed—and in saying this I have no wish to be either unfriendly or unfair to the Superintendent, for whom I have a high regard—he seemed bent on putting this company out of business. I do not think that is a quite fair attitude to take.

I am not expressing any opinion as to the validity of section 58 of the Foreign Insurance Companies Act of 1932. As the right honourable leader on this side (Right Hon. Mr. Meighen) said, that was based on the assumption that we had jurisdiction over aliens and that this indirectly enabled us to regulate the carrying on of a particular business, a subject that comes under the control of the provinces. That will be the point to be decided by the Supreme Court when the reference is made. But the very fact that a reference will be made to the Supreme Court—true, at the

request of the two governments, but with the consent of the Minister of Finance—surely should raise in our minds such doubt concerning the constitutionality of section 58 as to induce us to suspend judgment in order that we may not unfairly hurt a company which would be directly affected by the proposed legislation. For that reason I think we should refrain from asserting our jurisdiction, and should support the motion to suspend the operation of sections 3 and 4. If it is suspended, the decision of the Supreme Court will be known before the time comes to levy the taxes on these insured, and, should the judgment be in favour of the Crown, the revenue will not suffer. If, on the other hand, we insist on immediate effect being given to sections 3 and 4, we are at once putting an encumbrance on the interest of every policyholder in the company, that is, the interest in his policy, since he will have to pay 10 per cent more under the law as passed. He is likely not to renew his policy, and no doubt the company, with this law in force, will be losing a substantial part of its business. Consequently, one thing is certain: we shall hurt the company, even if the decision is against the Crown. So I base my suggestion on the ground of fair dealing as between Parliament and this company.

Let me mention another reason. From the reading of the letter which the Minister of Finance sent to our committee, one would conclude that the Attorney-General of Ontario made only one request, that the matter be referred to the courts. But, according to information I have gathered from newspaper reports, the Attorney-General of Ontario went a step further. He asked—and I think his request was reasonable—that the legislation should not be proceeded with until a decision had been given on the reference. The Minister's reply to that request was that the legislation had already passed the Commons and was now before this House, and naturally he had no control over it. But surely we have control, and we can exercise that control, not unreasonably, not by refusing the proposed legislation in the event that we have jurisdiction, not by preventing the Minister of Finance from collecting an extra revenue if he has a right to do so; we do not want to assume such responsibility; but simply by suspending sections 3 and 4 until the decision of the courts is handed down. That seems to me fair, expedient and proper treatment of what I think is a very reasonable request, received from the province of Ontario and the province of New Brunswick. Nobody would be prejudiced, and we in this House should not be forced into the rather detestable

position of having passed a law which might affect unfairly a company doing business in this country, and the uncertainty of which is patent after one has listened to the authorities cited by the mover of this amendment. I certainly shall support the amendment.

Hon. Mr. DANDURAND: Honourable senators, there is no special hurry in disposing to-day of this amendment proposed by my right honourable friend, and, with the leave of the Senate, I intend to move adjournment of the debate until Tuesday evening. This will give me an opportunity to bring before the House the opinion of the Department of Justice, which has been given in writing, and to submit to the Minister of Finance a statement of the request that has been made. It is addressed to me, but the Minister of Finance is not here, and I do not know how the House of Commons would act on his suggestion or intimation. Therefore I have no objection to our adjourning the debate on this amendment until Tuesday, and I move accordingly.

On motion of Hon. Mr. Dandurand, the debate was adjourned.

ADJOURNMENT—BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, we have disposed of all the legislation which has come to us from the other Chamber. I am convinced that the House of Commons cannot send us before the middle of next week the Supply Bill and two or three other measures now engaging their attention. In these circumstances I move that when the Senate adjourns this afternoon it stand adjourned until Tuesday evening next at 8 o'clock.

The motion was agreed to.

The Senate adjourned until Tuesday, June 10, at 8 p.m.

THE SENATE

Tuesday, June 10, 1941.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

Hon. Mr. COTÉ.

VICTORY LOAN

CEREMONY ON PARLIAMENT HILL

The Hon. the SPEAKER informed the Senate that he had received the following communication from His Worship the Mayor of Ottawa:

Dear Mr. Parent:

Victory Loan, 1941

The torch and scroll being carried by Air Force bomber from Victoria to Halifax and thence to England to be presented to the Right Hon. Winston Churchill will arrive in Ottawa on the 11th June. The Ottawa torch day ceremony will take place on that day on Parliament Hill at 5 o'clock.

At the ceremony the Right Hon. W. L. Mackenzie King will be the speaker and arrangements are being made for His Excellency the Governor General, the Right Honourable the Prime Minister, the Leader of the Opposition and myself to sign the scroll.

On behalf of the committee I have the honour to invite you to attend this ceremony. I beg to request also that you will extend an invitation to the members of the Senate to be present.

Sincerely yours,

J. E. S. Lewis,
Mayor.

INCOME WAR TAX BILL

FIRST READING

A message was received from the House of Commons with Bill 87, an Act to amend the Income War Tax Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. Mr. DANDURAND: Would my right honourable friend be agreeable to my moving second reading now?

Right Hon. Mr. MEIGHEN: I have read the Bill.

Hon. Mr. DANDURAND: With leave of the House I would move, seconded by Right Hon. Mr. Graham, that this Bill be now read the second time. I feel sure that after the long discussions which there have been, both inside and outside Parliament, on the various features of this measure, I need not inflict upon the Senate a long explanation. To find what the increased tax on any particular item is, one need only look at the marginal notes in the Bill. The first section provides the rates applicable to all individuals. These are set out here; so honourable members, if they have not yet done so, can ascertain at a glance what income tax they will be expected to pay next year. Section 2 establishes a new rate

of tax on investment income, and a surtax. The rate on non-resident owned investment corporations is set out in section 3. Section 4 deals with earned income. The explanatory note says:

Heretofore earned income of over \$14,000 was regarded as investment income. This recognizes all earned income as such, irrespective of the amount.

Then there is a provision for deductions for superannuation or pension fund. Section 7 covers donations to charitable organizations by taxpayers other than corporations, and section 8 donations to charitable organizations by corporations. Section 9 repeals the 50 per cent deduction in respect of patriotic donations. Alternative exemptions from investment income are provided in section 10. Section 11 deals with residence of dependents, and provides exemption for non-residents. The explanatory note says:

Dependents must be residents of Canada, the British Commonwealth or contiguous countries. Formerly the law was not restrictive at all.

Section 12 deals with deductions of payments under the Special War Revenue Act. The explanatory note says:

This removes the mention of "Part II" in this section, because Part II of the Special War Revenue Act contains the new betting tax.

There is no need for me to go through all the sections of this measure. As it is a money bill, which cannot be amended in the Senate, I feel that I should leave it to my honourable friends to make whatever comment they wish on any of the items.

Right Hon. ARTHUR MEIGHEN: Honourable members, all we can do with regard to this Bill, it being very definitely a taxing measure, is to speak on it. Indeed, we do not do much more on any bill. I will exercise that privilege very briefly.

First of all, I ask as to the effect of section 29. The explanation given is that it removes an exemption from the gift tax. Gifts not exceeding \$1,000 were always exempt. Will they not continue to be after this Bill passes? I understand such gifts still are. If that is not the exemption which is removed, I do not know what it is. I put this question to the honourable leader of the House now, but if he prefers delaying the answer until third reading, that will, of course, be satisfactory to me.

Hon. Mr. DANDURAND: Clause 29?

Right Hon. Mr. MEIGHEN: Yes. The explanatory note merely says, "Removing an exemption from the gift tax"; it gives no idea of what that exemption is. Why draftsmen excel on the side of brevity in their

explanations of some bills and are painfully verbose in explaining others, I do not know.

Then I call attention to section 23, only for the purpose of putting on record information that I have, which I think is dependable. Though I hang my words on that section, they really have very little to do with it. The section refers to rentals from real estate. The information I have is that there is very general evasion of the income tax laws by those whose income consists of real estate rentals. Our income tax laws are such that whoever may be in receipt of dividends or interest simply has no means of escape. The doors have been closed for years past. I think the Minister of Finance who closed them most effectively was my honourable friend to my left, now the honourable senator from Amherst (Hon. Mr. Rhodes). It is quite right that the doors should be closed. Companies make a report of all to whom dividends are sent. No man can cash a coupon without a certificate of ownership, and if he makes a false return he goes to gaol—or ought to. But as to rentals there is no such check at all. Indeed, I do not know how an effective check could be conveniently instituted. This means that greater care and more pains must be taken. I cannot for a moment think the information I have is wrong. I am informed that in Montreal, Toronto and our other large cities there is very general evasion by those whose income consists of rents, such means of revenue being difficult to trace.

Then I come to one more feature. By an earlier section of the Bill a change is made in the law in respect of salary income.

Hon. Mr. DANDURAND: What clause?

Right Hon. Mr. MEIGHEN: Section 4. Previously, only remuneration that did not exceed \$14,000 a year was regarded as salary. I never was a believer in any distinction between salary income and investment income. The return obtained from the investment of what a man has saved throughout his life is just as much earned income as the money received by the man who early in life has a large salary. I object to the statement that remuneration far exceeding \$14,000 is still a salary and nothing but that. Under the definition of "salary" heretofore applied, as I understand it, the limit being fixed at \$14,000 a year, any amount received in excess of that ceased to be called salary and was taxed as if it were investment income. Why that limit is removed I do not know. I would go the whole length and make everything taxable as an investment. I do not see any distinction at all between the two classes of revenue.

While I am on my feet, let me say this. I think the House will agree that there is no more persistent champion than I of individual initiative and enterprise and the right of a man to get what he earns, but in my judgment the time has come when it is the province of government to exercise some control of salaries. I mean not only government salaries, which could be controlled better than they are, but also corporation salaries. I have never been a believer in stupendous, mountainous salaries. I do not think they can be earned. They become possible under the corporation system by the measure of control exercised by the active shareholders; perhaps by the larger shareholders, usually because they are more active. The minority shareholders have nothing to say; they just have to take what they get. Not only do I think that the time has come when, in the interest of shareholders throughout our country, there should be a measure of governmental supervision in respect of salaries, but I think also that under the Companies Act, whether provincial or federal, there should be greater protection of shareholders generally. I am not attacking the corporate system; it is essential in our modern world. Neither am I in favour of undue governmental interference; but I do believe there is a place for some control by the State.

As respects this Bill, I protest against special consideration being given to the man with the salary of \$100,000 or of \$200,000, if there is any such—I do not know—as against the man who has invested as carefully as he could his hard-earned savings, who derives from them an income of maybe \$5,000, and who pays a heavier tax than is paid on the \$200,000 by the other fellow. It is not right. In my judgment, for whatever it is worth, there should be no distinction. I know this opinion will never be accepted, for I can remember fifteen years ago, and more, protesting against the distinction drawn between investment income and salary income. Here we are going farther than we went before. If I understand the effect of this section, and if the explanation means what it says, we are allowing the man with the gigantic salary to call it earned, and are taxing the income on the retired farmer's \$30,000 as investment income. There is no distinction.

The proper level is ordinarily found in the play of supply and demand, but in a company those who are specially strong or specially active can exercise a power to help themselves, and this, I think, should be restrained and restricted by governmental supervision.

Hon. Mr. DANDURAND: Honourable senators, this question of a distinction between

Right Hon. Mr. MEIGHEN.

income and salary has often come before Parliament; oftener in the House of Commons, perhaps, than in the Senate. It has also been discussed at length in the Press for very many years. There is quite a body of intellectuals and men versed in economics who claim there should be a distinction made in favour of the salaried individual. My right honourable friend says—and he but repeats what he said last week—that the income accruing from investment represents the savings of one generation in favour of the next. That is true.

Right Hon. Mr. MEIGHEN: In favour of the present one.

Hon. Mr. DANDURAND: I am not disposed to examine very closely into this matter, because I have not given it great consideration, but I may say that in certain companies with which I was connected the salaries of executives, or the men at the controls, were quite often, to my mind, very large. I have heard of salaries of \$25,000—these were relatively modest—others of \$50,000, some of \$75,000 and some of \$100,000. When I contended that a man could live happily on \$25,000 a year and need not look for those larger sums, I was met with the answer that men who have the administration of large corporations and who devote their whole time and energy to the immense interests confided to their care have no time to amass money for their children; that all they receive is the salary, and they should receive an amount commensurate with the importance of the work they are carrying on; and that if their own company does not recognize the value of their services, other companies will take them into their employ. Thus the principal objection to reducing or limiting such salaries was that these men, whose ability was admitted by all, had no other source from which they could hope to leave anything to their children. More than once I have suggested that a man with a salary of \$25,000 could be as happy as one receiving \$100,000, if not happier. It has been argued that men in receipt of these large salaries are obliged to subscribe daily to philanthropic, social, educational and charitable organizations, and that the \$50,000 or \$75,000 received by them melts very rapidly. These are reasons which have been advanced in support of what is regarded by some as a fair return for services rendered by high-salaried executives.

My right honourable friend will recognize, of course, that there will not now be great eagerness for higher salaries, as the more the salary the higher the rate of taxation on income. The man who might feel that because

of his obligations he needed \$10,000 more would quickly perceive that at a certain point two-thirds of this increase would have to go back to the State. So perhaps the high taxation we find here will help to reconcile certain individuals to more modest salaries.

Right Hon. Mr. MEIGHEN: My honourable friend forgets that the tendency is exactly the other way. A company is taxed for nearly all its makes, especially if its income is better than it was before; therefore these expenses are of very little concern to it, and every day the tendency is all towards higher salaries.

Hon. Mr. DANDURAND: I will put this case to my right honourable friend. An executive feels that in view of what is being paid by other corporations he should receive an increase of salary from \$50,000 to \$60,000 or \$70,000. If my right honourable friend would take his pencil and see what, in the last analysis, would remain if the increase were granted, he would find the result interesting. Two-thirds of it would disappear in income tax.

Right Hon. Mr. MEIGHEN: Quite true.

Hon. Mr. DANDURAND: My right honourable friend has spoken of rentals as a source of revenue which can be hidden in some way or other. That is quite possible, but I think the organization at the Income Tax Branch is such that an owner of several houses, or of an apartment building, would find it very difficult to cheat when making his return. It naturally takes some time to check his gross income, his expenditures and the deductions to which he is entitled. I agree that possibly it would be easier for a real estate owner than for another person to try to circumvent the law and evade the proper tax. However, I have not yet heard of any other method of checking up on the man who has an income from rent than a close examination of his statements.

A man may have, say, fifty tenants. Well, he has to give a list of them, to fill out a detailed questionnaire. I very much doubt that he could escape his just tax. People who pay income tax like good little men, as they say, often complain to me that other citizens are not doing their duty, but when I ask such complainants to state the name of an evader they are very slow to do so. There is a suspicion that some people succeed in getting the better of the argument with the income tax collector. I question the soundness of such suspicion. I know of numbers of people who derive modest incomes from rent, and all of them make their income tax returns. There was a time, as honourable senators know, when persons whose income

was low enough not to be taxable at all were not required to file a return, but now everybody must file one. I wish my right honourable friend (Right Hon. Mr. Meighen) had questioned the Commissioner of Income Tax when he was before us in committee, with a view to finding out what precautions are taken to make sure that persons with an income from rent do not evade their proper tax.

I have taken note of the two or three other questions asked by my right honourable friend, and shall have details for him to-morrow when we take the vote on third reading.

Right Hon. Mr. MEIGHEN: I need hardly add that I have every confidence in the Commissioner of Income Tax. I rose chiefly in the belief that my remarks would be of some help to him.

The motion was agreed to, and the Bill was read the second time.

INDUSTRIAL DISPUTES INVESTIGATION BILL

FIRST READING

A message was received from the House of Commons with Bill 96, an Act to amend the Industrial Disputes Investigation Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. Mr. DANDURAND: Would my right honourable friend be disposed to agree to my moving second reading now?

Right Hon. Mr. MEIGHEN: Yes. I entirely agree with this Bill.

Hon. Mr. DANDURAND: Then, with leave, I will move second reading. The Bill contains a very clear amendment, which I think will commend itself to all members of the Senate. In the past there have been cases in which solicitors representing one or other of the parties to a dispute acted as members of boards. In such cases the spirit of the Act was not followed. Section 12 of the Act at present reads:

No person shall act as a member of a Board who has any direct pecuniary interest in the issue of a dispute referred to such Board.

The Bill amends this by adding the following words:

or who is then acting or has so acted within a period of six months preceding the date of the application for a Board in the capacity of solicitor, legal adviser, counsel or paid agent of either of the parties to the dispute.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

The Hon. the SPEAKER: When shall this Bill be read the third time?

Hon. Mr. DANDURAND: With leave, I would move third reading now.

The motion was agreed to, and the Bill was read the third time, and passed.

YUKON BILL

FIRST READING

A message was received from the House of Commons with Bill 97, an Act to amend the Yukon Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. Mr. DANDURAND: Is my right honourable friend ready to discuss the measure now?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Then, with leave, I would move second reading. The explanatory note in the Bill is short:

The purpose of this amendment is to meet the situation arising from substantial diminution of the business within the Yukon Territory requiring judicial attention. At present no authority exists for the appointment of a stipendiary magistrate.

The Bill authorizes the Governor in Council to appoint stipendiary magistrates in the Yukon, and provides:

Every stipendiary magistrate so appointed shall have and may exercise the powers, authorities and functions now vested in the judge of the Court.

Right Hon. Mr. MEIGHEN: Is there a resident judge in the Yukon now? I know Judge Macaulay used to be there.

Hon. Mr. DANDURAND: I think one is still there, or, if not, he has just been pensioned. I am looking for the Minister's statement in the House of Commons Debates.

Hon. Mr. MURDOCK: Page 3823.

Right Hon. Mr. MEIGHEN: Apparently Judge Macaulay has just retired.

Hon. Mr. HUGESSEN: He retired at the end of May, it says.

Right Hon. Mr. MEIGHEN: On the 5th of June the Minister of Justice said:

Hon. Mr. DANDURAND.

The Department of Mines and Resources, which is charged with the administration of the Yukon Territory, suggested two or three months ago that when Mr. Justice Macaulay, who was the judge of the Territorial Court of the Yukon Territory, retired, it would be better and much less expensive to have what is left of the legal business in that territory transacted by stipendiary magistrates.

The Minister went on to say that Mr. Justice Macaulay's retirement became effective on the last day of May. That makes the explanation quite clear.

Hon. Mr. DANDURAND: I thought that was the reason that had been given to me.

Right Hon. Mr. MEIGHEN: While we are on the Bill I will venture to say again what I have said more than once, though not in late years. We have an appalling surplus of judges in Canada. At this time, when we are struggling to get money for vital purposes, it is just indefensible that we should be spending so much more than there is any need to spend on the judiciary. I am not complaining of the salaries. Indeed, some judges are not paid enough. But in Ontario we undoubtedly have a surplus of county court judges.

Hon. Mr. DANDURAND: Does my right honourable friend include high court judges in the same remark?

Right Hon. Mr. MEIGHEN: In Ontario there is a surplus of county court judges. I am not in a position to speak with regard to the high court. Under the British North America Act, Quebec has a system of its own. All the judges there are Superior Court judges. Whether there are too many of them, I cannot say. But Ontario unquestionably has a surplus of county court judges, as many of them will tell you, if you talk to them. The continual appointing of judges for virtually no work at all is simply grotesque.

Hon. Mr. DANDURAND: But it is the provincial authority—

Right Hon. Mr. MEIGHEN: —which creates the court. But the Government of Canada does not have to appoint a judge to the court. There is no compulsion at all on the Dominion Government. The giving to the provinces of the right to create courts at the expense of the Dominion was a defect in our Constitution. I do not know why the Fathers of Confederation ever permitted such a thing. Courts are created, and then of course pressure comes: "Oh, there is that vacancy. I want the job, whether there is anything to do or not." It is not long since a new judge was added to the High Court of Saskatchewan. He was not as much needed as the fifth wheel to a coach. Really, if one

could gather and publish information as to the number of judges to attend to the few cases now coming before those high courts in the West, it would shock the country. I am confident there are too many county court judges there as well, but I am absolutely certain there are far too many high court judges. What I did in the short time I was in the department was to refuse to make further appointments. There were vacancies in Ontario and they were not filled. But that practice of refusing to make appointments succumbed very soon, and vacancies have all been filled steadily, and they are all filled to-day. The merry whirl goes on, and the taxpayer has to bear the burden. I do appeal to the Government to take a look over the judiciary and see whether, by simply standing still when vacancies occur, it cannot reduce the burden. I do not want to be personal, I am not making an attack on anyone, but I do know the number of judges now is utterly absurd in the respects I have referred to, and I have no doubt the same can be said of other provinces.

Hon. Mr. DANDURAND: My honourable friend refers to judges of the courts of appeal, particularly those of Manitoba, Saskatchewan and Alberta.

Right Hon. Mr. MEIGHEN: And the high court judges too.

Hon. Mr. DANDURAND: Yes. I have often heard it suggested, and have read similar suggestions in the Press of the West, that the three courts of appeal should be merged into one tribunal for those provinces.

Right Hon. Mr. MEIGHEN: With about three men on it.

Hon. Mr. DANDURAND: It is very easy to express that wish, but more difficult to realize it.

Right Hon. Mr. MEIGHEN: Just do not appoint more judges; that is all. That will realize the wish.

Hon. Mr. DANDURAND: My honourable friend from Saltcoats (Hon. Mr. Calder) will remember that twenty county courts were created in Saskatchewan. When the first King Administration took office in the latter part of December, 1921, I think nineteen judges had been appointed, and there was considerable pressure brought to bear to fill the twentieth vacancy.

Right Hon. Mr. MEIGHEN: Where was this?

Hon. Mr. DANDURAND: In Saskatchewan. I know, for solicitations were made to me with regard to the filling of the twentieth

position. As my right honourable friend says, once a court is created it is very difficult to resist pressure to appoint a judge to the position.

Right Hon. Mr. MEIGHEN: Then there was about ten—yes, twenty times as much work as there is now.

Hon. Mr. DANDURAND: Now we have what I may term "progressive" governments in some of the provinces. At all events we have at the head of the Ontario Government Mr. Hepburn. If he examined into the cost of the administration of justice in Ontario he might move that a joint inquiry be made by the federal and provincial authorities to see—

Right Hon. Mr. MEIGHEN: He is doing that now.

Hon. Mr. DANDURAND: —to see whether some savings could not be effected in that respect. Such action would probably be followed by other provinces.

Right Hon. Mr. MEIGHEN: Maybe the Prime Minister would not meet him.

Hon. Mr. DANDURAND: It would all depend on the conditions.

Hon. Mr. HORSEY: He meets him every day.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved, with leave of the Senate, that the Bill be now read the third time.

The motion was agreed to, and the Bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

FIRST READING

A message was received from the House of Commons with Bill 98, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1941, to provide for the refunding of financial obligations and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Hon. RAOUL DANDURAND moved the second reading of the Bill.

He said: Honourable senators, opposite the first page will be found these explanatory notes:

This Bill authorizes the Canadian National Railway Company to issue bonds or other securities not exceeding \$29,414,206 in principal amount, to provide the amounts necessary to meet capital expenditures during the year 1941 for the retirement of maturing capital obligations, general additions and betterments, and the purchase of new equipment.

The Bill also provides that the railway company may issue securities for the purpose of purchasing or refunding unmatured securities of the railway company.

The Governor in Council is authorized to guarantee the principal, interest and sinking funds of securities which the railway company is authorized to issue under the provisions of the Bill. There is a provision enabling the Minister of Finance, with the approval of the Governor in Council, to make temporary loans to the railway company for the purpose of meeting authorized expenditures of the railway company and for the purpose of purchasing or refunding securities of the railway company. These temporary loans are to be secured by securities which the railway company is by the Bill authorized to issue.

The Bill also authorizes the railway company to pay supplementary contributions to the Intercolonial and Prince Edward Island Railways Employees' Provident Fund and to the Grand Trunk Railway of Canada Superannuation and Provident Fund.

Finally, as this year there is no specific parliamentary appropriation for deficit account, the Minister of Finance is authorized to make temporary loans for interim deficits which are to be reimbursed from the current revenues of the National Railway System.

Honourable members will find on reference to the various statutes concerning this matter that this Bill is virtually on the same lines as the Bills we have adopted from 1931 to 1940.

I would direct the attention of honourable members to paragraphs (a) and (b) of section 2, which set out the various securities to be issued for refunding and capital expenditures. They read as follows:

(a) Retirement of maturing capital obligations, miscellaneous maturing or matured notes and other obligations secured or unsecured and payment of sinking funds, not exceeding \$9,378,000;

(b) Additions and betterments including ordination and acquisition of real or personal property, not exceeding \$20,036,206 estimated as follows:—

Hon. Mr. DANDURAND.

General additions and betterments..	\$15,691,257
Less: Equipment retirements.....	2,069,257
	<u>\$13,622,000</u>
New equipment purchased	\$13,270,206
Acquisition of securities	344,000
	<u>\$13,614,206</u>
Less: Available from Depreciation Reserve...	7,200,000
	<u>6,414,206</u>
	<u>\$20,036,206</u>

Then follows this proviso:

Provided, however, that for such purposes the aggregate principal amount at any one time outstanding of the securities which the National Company is authorized by this section to issue from time to time shall not exceed the sum of \$29,414,206, being the total of the items hereinbefore set out.

With these few remarks I move second reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, the explanations make one wonder how so many words could be used with the total result of explaining nothing at all. All the words on the right-hand side of the page simply repeat what is said on the left-hand side. For example:

The Bill also authorizes the railway company to pay supplementary contributions to the Intercolonial and Prince Edward Island Railways Employees' Provident Fund and to the Grand Trunk Railway of Canada Superannuation and Provident Fund.

That is what is said in section 11, but it does not explain why we authorize the company to pay these moneys. What is the reason for it? The Minister has said that in general the Bill runs along the lines of previous bills. There may have been a clause similar to this in previous bills, together with an explanation, but I cannot recall any such clause. If a similar authorization appeared year after year, and there was sound ground for it, why not enact it once for all? Why come back year after year to authorize exactly the same thing?

Hon. Mr. DANDURAND: The reason is evident: the amounts needed from year to year were not the same.

Right Hon. Mr. MEIGHEN: Very good. But we have no information at all about them. The Bill does not say what the amount is. It just says if there is a deficit—and there is—the Canadian National Railways can pay it out of their own money—which, of course, is the country's. Why they should pay it, I do not know. I apprehend that we shall have something like this to do with the Unemployment Insurance Bill year after year, as I stated when that Bill was under discussion.

When you establish on a certain basis an employees' provident fund, why does the company have to alter the basis year by year? Apparently that is what is done. Now, in respect of Canadian National Railways expenditures we ought to have details much more specific and definite—

Hon. Mr. CALDER: Hear, hear.

Right Hon. Mr. MEIGHEN: —than in any other measure, because no vote is required for these. We are just authorizing this company, whose directors are really the trustees of a certain large enterprise which is owned by the nation, to pay moneys under their hands. Surely we should know exactly, and yet there is nothing whatever to show, what they are going to pay, and why they are going to pay it.

Now I turn back to the main clause of the Bill, which authorizes payment of \$29,414,206 in respect of general additions and betterments, and new equipment. From the figure given for additions and betterments, namely, \$15,691,257, there is a deduction of \$2,069,257 for equipment retirements, leaving a net of \$13,622,000. From the \$13,614,206 for the purchase of new equipment and the acquisition of securities, there is a deduction "available from Depreciation Reserve, \$7,200,000," leaving a net of \$6,414,206. From these figures we get a net total of \$20,036,206. But the Bill authorizes a total of \$29,414,206.

Hon. Mr. DANDURAND: If my right honourable friend will look under paragraph (a) he will find a figure which brings this up to \$29,000,000.

Right Hon. Mr. MEIGHEN: No, no.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Oh, \$9,378,000 for the retirement of maturing capital obligations is added to the \$20,036,206 which appears on page 2. As they are maturing capital obligations they have to be met. That is probably sufficient, but what is given on page 2 is certainly not sufficient. Surely this House has a right to know what are the general additions and betterments. I have a suspicion as to what the main item is, and if my suspicion is correct I am surprised that the Government seeks to conceal it.

Hon. Mr. DANDURAND: I beg pardon?

Right Hon. Mr. MEIGHEN: I think it is mainly the terminal in Montreal.

Hon. Mr. DANDURAND: Oh, no.

Right Hon. Mr. MEIGHEN: It could not be that.

Hon. Mr. DANDURAND: Oh, no. There remains but \$2,000,000 to finish the work.

Right Hon. Mr. MEIGHEN: But the rest has been spent.

Hon. Mr. DANDURAND: It has been spent, but under a new and revised estimate of three years ago, which said that \$12,000,000 would do it. In this item there is probably some \$2,000,000 odd to finish the work.

Right Hon. Mr. MEIGHEN: And how much has been spent on it?

Hon. Mr. DANDURAND: I think it would run up to some \$27,000,000. In 1931, when the work was stopped, there had been an expenditure of \$17,000,000.

Right Hon. Mr. MEIGHEN: The sum of \$17,000,000 had been spent before the work was stopped by Mr. Bennett. How much has been spent since?

Hon. Mr. DANDURAND: I can give the figure to my right honourable friend.

Right Hon. Mr. MEIGHEN: I should like to get figures as to how much has been spent since and how much is in this vote, and information as to what the vote is for.

Hon. Mr. DANDURAND: If these figures have not been given I shall get them. I have seen them in the Press, if not in Hansard. If all the figures which my right honourable friend desires have not been furnished, there is a reason. A committee of the House of Commons sits on the expenditures and estimates of the Canadian National for the current year, and it has all these details.

Right Hon. Mr. MEIGHEN: That does not help us any.

Hon. Mr. DANDURAND: And the committee's examination is very minute. I am under the impression that in years gone by, perhaps last year and the year before, we had a statement in which the figures in the Bill were broken down. Does one say "broken down" or "broken up"?

Right Hon. Mr. MEIGHEN: All your figures go up.

Hon. Mr. DANDURAND: We may pass the second reading, and I shall secure the details.

Hon. Mr. MURDOCK: The details are given at page 3835 of the House of Commons Hansard.

Right Hon. Mr. MEIGHEN: To the House of Commons.

Hon. Mr. MURDOCK: Shall I put them on record?

Hon. Mr. DANDURAND: Yes.

Hon. Mr. MURDOCK:

Mr. Cardin: In the absence of the Minister of Finance I can give to my honourable friend at least a part of the information he seeks. But before doing so I cannot help expressing my thanks for his kind words in regard to myself and the little I have been able to achieve in my political life. I hope honourable members will understand that I am not as bad as he pictured me by overwhelming me with all kinds of compliments in regard to my political sagacity.

The amount of \$29,414,206 which is required by the Canadian National Railways for the year 1941 compares with an amount of \$21,000,000 in 1940 and somewhat similar amounts which have been provided by Parliament as far back as my recollection goes, up to 1937.

The first item is additions and betterments. This represents a proposed expenditure of \$15,691,257. The second is new equipment purchases, \$13,270,206. The new equipment which is required by the railway is requested mainly on representations made by the Department of Munitions and Supply and the war departments, which state that the traffic that will have to be moved during 1941 will exceed by a very large amount the traffic moved by the railway during 1940. As a result of examination of the requirements for munitions and war materials it has been represented to the railway that the amount of freight they will be expected to move during 1942 will exceed by far that which is expected for the year 1941. Basing their estimates on these representations, made to them by those who are supposed to know, as to the volume of freight that the railway will be called upon to move, it was decided by the management that they should provide additional cars and locomotives required for the movement of that additional traffic.

Next is the acquisition of securities, amounting to \$340,000. I can give the details of those securities. They are: Atlantic and St. Lawrence Railroad Company, Toronto Terminals Railway Company, Northern Alberta Railways Company, Chicago and Western Indiana Railroad Company; total \$340,000.

Mr. Hanson (York-Sunbury): Are these annual accruals or are they buying these securities in?

Mr. Cardin: No, they are annual. We provide also for maturing capital obligations, sinking fund and equipment payments. The amount of that item in round figures is \$9,378,000. If my honourable friend desires, I can give a list of the maturing capital obligations.

I think that about covers it.

Right Hon. Mr. MEIGHEN: That leaves severely alone the information I ask for, which is: What are those general additions and betterments?

Hon. Mr. DANDURAND: I shall get the information in detail to-morrow.

Right Hon. Mr. MEIGHEN.

Right Hon. Mr. MEIGHEN: The Minister has kept track of my request regarding section 11?

Hon. Mr. DANDURAND: I beg pardon?

Right Hon. Mr. MEIGHEN: The Minister has a note of my request about section 11, as well as section 2?

Hon. Mr. DANDURAND: Section 11 and section 2?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: Oh, yes. Section 11 refers to the contribution to the Intercolonial and Prince Edward Railways Employees' Provident Fund, and section 2 covers betterments.

Right Hon. Mr. MEIGHEN: Yes. And how much has been spent on this terminal? I may say I have seen no very prominent reference to the Montreal terminal in the advertising for the Victory Loan.

Hon. Mr. DANDURAND: Surely my right honourable friend will not again start discussion of the terminal.

Right Hon. Mr. MEIGHEN: No. I shall have more mercy on my honourable friend. I shall refrain.

Hon. Mr. DANDURAND: My right honourable friend may have forgotten that we had considerable discussion on this matter two or three years ago and it was decided then to complete the Montreal terminal in a modified form. That policy has been pursued. Surely, when we are on the last lap, my right honourable friend will not desire to discuss again the whole reason for this improvement. It has been well said elsewhere that no other city in Canada would have stood for the treatment received by the metropolis of Canada at the hands of the Canadian National Railways in the matter of terminals and stations. I know of no other large city in the country which would have accepted such a situation. Now we are about to finish the work. I hope that, when the trains pass the Victoria Bridge and go direct to the tunnel, invitations will be issued and my right honourable friend will come with me to see what has been done.

The motion was agreed to, and the Bill was read the second time.

LABOUR DEPARTMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 100, an Act to amend the Labour Department Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. Mr. DANDURAND: With leave, I would move that the Bill be read the second time now.

Right Hon. Mr. MEIGHEN: Honourable senators, this Bill provides for the appointment of an Associate Deputy Minister of Labour. I should like information as to how many deputy ministers, assistant deputy ministers and the like we have. The Department of Labour has never been one of the major departments. By a major department I mean one in which the responsibilities are heavy in respect of expenditures, administration, and so forth. I can remember debates as to whether the Deputy Minister of Labour should receive the same salary as the deputy of a major department. If my recollection is right, the deputy who recently retired, a very competent man, was paid \$8,000, which is not as much as the deputy of a major department receives. He is, I presume, on superannuation, the amount of which I do not know. Now we have a new deputy.

Hon. Mr. DANDURAND: Mr. Stewart.

Right Hon. Mr. MEIGHEN: Mr. Stewart. I understand his salary is, not \$8,000, but \$12,000. In addition we have an associate deputy, whose salary has been stated in the Press, no doubt correctly, to be \$9,000. To assist them there is another man, the amount of whose salary I do not know. Instead of the \$8,000 which until lately was the cost of the Deputy Minister's office, the amount must now be close to \$25,000. There is a war on, it is true. But there was a war before, and we did not have to man the Department of Labour up to the rafters on that account. However, expense does not count with a Government which seeks to measure its war effort merely in dollars.

Hon. Mr. CALDER: Honourable senators, it seems to me that before we pass this Bill we should have, as my right honourable friend (Right Hon. Mr. Meighen) says, some facts as to the situation in all the departments.

Hon. Mr. DANDURAND: I think I can give some details.

Hon. Mr. CALDER: We should have information as to the chief officers in every department—the deputy and assistant deputies and persons of like standing. We must bear in mind that if an associate deputy minister is appointed in one department, there is likely to be a request from all the other departments for a similar appointment. That is usually what happens whenever a move of

this kind is made. I do not remember having ever before heard of the appointment of an associate deputy minister. There are assistant deputy ministers, as we know, but the present proposal is a new kind of thing.

Do not misunderstand me. I am pretty well aware what the conditions are in relation to administrative work in every department which is anywhere close to the war situation. I do not suggest there should be one second's hesitation in getting all the help necessary in order to do whatever work has to be done. My objection has always been that in a situation such as this ministers have failed to engage the assistants they needed, and instead have tried to carry burdens almost humanly impossible to bear. I am not saying that a man is not required to do this work in the Department of Labour. What I fear is that by passing legislation of this kind we shall simply be laying down a precedent that will be followed by every other department in the Service. I urge that before we deal with this measure we should have a comprehensive statement as to the chief officers in every department.

Hon. Mr. DANDURAND: Honourable senators, here is the statement which the Minister of Labour made in the other House:

The work of the Department of Labour has been very greatly increased in the last two years. In the first place the purpose of this Bill—because the present Associate Deputy Minister has been appointed—is to make his appointment permanent rather than temporary.

The work of the department has been greatly expanded in three directions: in the first place, in the wide extension of the Industrial Disputes Investigation Act; in the second place, in the passing of the Unemployment Insurance Act; in the third place, through the war emergency training plan.

The Department of Labour has, I believe, always had a minimum of help for the wide work it has to do. We have appointed as Associate Deputy Minister Mr. MacNamara, former Deputy Minister of Labour and Public Works in the province of Manitoba. He has been acting since the regrettable death of Doctor Sirois as Acting Chief Commissioner of the Unemployment Insurance Act. The salary which the Leader of the Opposition refers to as being large is not really large when you consider the administrative ability which the present incumbent as Associate Deputy Minister of Labour has brought to bear in the organization of the Unemployment Insurance Act. It is because of this wide extension of the definite functions of the Department of Labour that the appointment of an associate deputy minister is necessary and desirable.

Right Hon. Mr. MEIGHEN: What is the salary?

Hon. Mr. DANDURAND: I think the Minister gives that later. He goes on:

I need hardly say that Mr. MacNamara is carrying on his task in an excellent way and doing splendid work in promoting the early introduction of the Unemployment Insurance Act.

Hon. Mr. Hanson asked that very question: "What is the salary?" The Minister replied: \$9,000. I do not believe it is excessive. In my opinion it is justified by the added responsibilities placed upon the Department of Labour; and may I suggest that there will be even greater responsibilities after the war is over. In view of all these considerations I believe it will be agreed that the appointment of an associate deputy minister is desirable.

Hon. Mr. Hanson then made this comment:

I agree with what the Minister has said respecting the administrative ability of Mr. MacNamara. He is a man who had wide experience in another field when he came here to head the Dependents' Allowance Board. I am satisfied he did excellent work when he was promoted, if that is the proper expression, to the office of acting head of the Unemployment Insurance Commission. I had hoped the Minister and the Government would see their way clear to appoint him permanently to that position in place of Mr. Sirois. Apparently, however, that is not now the proposal, and the position is to be filled otherwise.

One must not be satisfied with a state of things that existed twenty or twenty-five years ago. The Department of Labour is now doing very important war work. To realize what the Government has to contend with, one need only think of the labour difficulties, the rumblings of which we all have heard. My honourable friend knows what the situation is in the United States and in this country.

Right Hon. Mr. MEIGHEN: But as soon as a difficulty arises the Department of Labour washes its hands of the problem and turns it over to the Department of Justice.

Hon. Mr. DANDURAND: Our situation is totally different from what it was twenty-five years ago. Canada's present industrial activities are tremendous. The transformation of Canadian industries from a peace-time to a war-time basis has been called a miracle. But frictions and difficulties of a serious nature do arise here and there. In addition to the work of administering the Unemployment Insurance Act, the Department of Labour will have in the future increasingly important functions to perform. It is difficult for us, not in a position to know all that the department is doing, to say that it is over-staffed. The Minister, who does know what is going on, has taken the responsibility of recommending this appointment. My honourable friend from Saltcoats (Hon. Mr. Calder) has wisely said that departments should not

Hon. Mr. DANDURAND.

be refused any help they need. The men who are carrying the load realize the necessity of competent assistants.

No one would dispute that the appointment of Mr. Stewart as Deputy Minister was an excellent one; and, as the Leader of the Opposition in the other House (Hon. Mr. Hanson) admits, Mr. MacNamara is an able administrator: so, in matters upon which he requires advice, as well as in the general administration of the department, the Minister has two very capable men upon whom to rely.

Is the Senate in a position to say that the Department of Labour is overmanned? I think it would be wiser for us to take for granted that the men at the helm in that department know what their needs are.

Hon. Mr. CALDER: Honourable members, may I add another word? I do not object to the securing of any help that is necessary. My point is that this Bill would create a permanent office for—shall I say?—a temporary condition.

Hon. Mr. DANDURAND: Does my honourable friend visualize what the temporary condition is? And can he say how long it will last?

Hon. Mr. CALDER: Oh, no.

Hon. Mr. DANDURAND: The aftermath of the war has to be taken into consideration.

Hon. Mr. CALDER: I can visualize that. Let me put my point in another way. No request for the appointment of an associate deputy minister has come from the Department of Finance. Yet, if there is one department whose work has been multiplied many times, it must be Finance, and I dare say it has engaged all the help it needs to carry on the work. There is a great difference between doing that and creating an important permanent position. As I have said, once we establish the precedent of appointing an associate deputy minister, there is likely to be a request from all other departments for a similar officer. Talk about building up a bureaucracy! That is how bureaucracies are built up, by making appointments such as this. I am saying nothing about the man himself, nor do I contend that his services are not required. That is not my point at all. I say to the Government, "Get all the help you need at the present time, but safeguard the public service, and do not create permanent offices that will not be needed when the present situation is ended."

Hon. Mr. DANDURAND: The Minister has stated that the work ahead is considerable and that when the war ends it will perhaps increase. Surely with the return of peace the Department of Labour will have to face important problems in the re-establishment in civil life of hundreds of thousands of our soldiers. Our financial structure is such as to lead us to hope that this will involve no considerable economic disturbance, but I think we shall need all the best men we have at our disposal to-day to carry on during the post-war years. With two good men like Mr. Stewart and Mr. MacNamara to assist the Minister, whoever he may be, I think we may rest assured that the department will be well administered.

Hon. Mr. CALDER: Probably so; but my objection is to the title "Associate Deputy Minister." Let me give an illustration. We have a Deputy Minister of National Revenue. I am not fully acquainted with all the details, but I know, for example, there is one commissioner under the Deputy Minister. He is Commissioner—

Hon. Mr. DANDURAND: Elliott.

Hon. Mr. CALDER: Commissioner Elliott looks after income tax entirely. Then you have Commissioner Sims, who looks after—

Hon. NORMAN P. LAMBERT: As my honourable friend from Saltcoats (Hon. Mr. Calder) must be aware, there is no Deputy Minister in the Department of National Revenue. In the Department of Finance there are several assistants of the Deputy Minister. It is well known that during the last five years, under the pressure of greater effort in the department, it has been necessary to give Dr. Clark additional expert help. There is a commissioner in charge of the sales tax administration. There is also an economic adviser acting as special assistant to the Deputy Minister of Finance. Dr. Mackintosh, as is well known, is filling that role at the present time.

While on my feet I may say that yesterday I had the privilege of listening to Dr. Bryce Stewart, Deputy Minister of Labour, while he addressed the annual meeting of the Canadian Manufacturers' Association. He dealt with problems affecting our war industry. At the conclusion of his address he invited questions, and answered in a very satisfactory manner those put to him. I think it is no exaggeration to say that the impression he left on the meeting was more than favourable. He—

Hon. Mr. CALDER: If my honourable friend will allow me—I do not mind an interruption, but I do object to a speech. I am

not saying that any man now employed by the Department of Labour has not first-class qualifications. As I have intimated, so far as the actual staffing of the department is concerned, I do not know. I am objecting rather to the proposed appointment of an associate deputy minister. I am not opposing the appointment of any person to help in an ordinary position in any department, nor am I questioning his qualifications in the slightest degree. I am merely pointing out that if we adopt this proposed legislation we may be opening the door to many future appointments of the same class. As I have already said, for goodness sake let the Government get all the first-class help it can.

Hon. Mr. DUFFUS: That is what it is doing.

Hon. Mr. CALDER: Certainly it is; but do not give them titles for purposes that are not at all necessary.

Hon. Mr. DUFFUS: I do not see that the name makes any difference.

Hon. Mr. CALDER: The honourable gentleman has not been as close to the public service as I was for some years.

Hon. Mr. DUFFUS: That may be an argument, but it is not to the point.

Hon. Mr. DANDURAND: My right honourable friend (Right Hon. Mr. Meighen) suggested that Mr. Stewart's salary is \$12,000. I find it is \$10,000.

Hon. Mr. LAMBERT: Honourable senators, to conclude my remarks, I may add, with all deference to the objections raised to positions in the Department of Labour, that I do not think we should pay too much attention to the titles applied to those positions. Undoubtedly the personnel of the department has not been at all adequate to cope with the growing demands of the labour problems of this country. At the present time our problems in connection with the relations of labour to war industry require for their solution men of understanding, with a capacity for conciliation. This country is very fortunate to have a man with the exceptional experience and ability of Dr. Bryce Stewart. As is well known, he returned to Canada to take this position at a considerable monetary sacrifice, in order to be of some service to his native country in time of war.

As far as Mr. MacNamara's functions are concerned, they are directly connected with the wider field of social service which is opened up by the Department of Labour in relation to unemployment insurance, and I do not think there is a better qualified man in the Dominion to take charge of the executive

responsibilities of that work. I know something about his valuable services in the province of Manitoba in dealing with relief problems. All who have come into contact with him regard him as a man of outstanding ability and congratulate the department on appointing him to the federal field of labour administration.

May I add something more about the obvious impression which Dr. Stewart made on the Canadian Manufacturers' convention. He was tendered a special vote of thanks, not only for his speech and his answers to the questions put to him by various manufacturers, but also for the practical suggestions he made. These suggestions were adopted by the convention when it appointed special representatives to proceed to Ottawa to-day for the purpose of discussing urgent labour problems with the Government.

The motion was agreed to, and the Bill was read the second time.

THIRD READING POSTPONED

The Hon. the SPEAKER: When shall this Bill be read a third time.

Hon. Mr. DANDURAND: Now.

Hon. Mr. CALDER: Honourable members. I must insist on the information I asked for with reference to the chief officers of all the departments. It should be a very simple matter to prepare the information.

Hon. Mr. DANDURAND: Of all the departments?

Hon. Mr. CALDER: The chief officers, with their titles, so we may understand what the situation is.

Hon. Mr. DANDURAND: As to this department?

Hon. Mr. CALDER: As to all departments. It should not take twenty minutes to prepare. The Civil Service Commission should be able to supply the information in a very short time.

Hon. Mr. DANDURAND: Perhaps I might refer my honourable friend to the Estimates. These cover all the departments and contain the information he desires.

Hon. Mr. CALDER: All right, I will look through the Estimates, unless there is some very special reason—and I cannot think of any—why this Bill should be given third reading now.

Hon. Mr. DANDURAND: Shall we give the Bill third reading now?

Right Hon. Mr. MEIGHEN: No. Leave it until to-morrow.

Hon. Mr. LAMBERT.

Hon. Mr. DANDURAND: All right; third reading to-morrow.

SPECIAL WAR REVENUE BILL

FIRST READING

A message was received from the House of Commons with Bill 101, an Act to amend the Special War Revenue Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read a second time?

Right Hon. Mr. MEIGHEN: We amended the Act only last Friday. Are we going to amend it every day?

Hon. RAOUL DANDURAND: Honourable senators, an error crept into the drafting of Bill 88, an Act to amend the Special War Revenue Act, which is on the Order Paper for resumption of the adjourned debate on the motion for third reading. In order to correct this error, the House of Commons to-day passed this Bill, No. 101. The explanation given by the honourable Minister of Finance is as follows:

Bill No. 88, an Act to amend the Special War Revenue Act, as it passed the House of Commons provided, by clause 8 thereof, that the tax on goods mentioned in Schedules I and II of the parent Act shall not be payable under certain conditions as therein provided. As set out in the explanatory note to clause 8 of the Bill, "This section is to permit a manufacturer to purchase goods subject to other excise taxes for incorporation into goods which he manufactures and which are also subject to excise taxes, in order to avoid the dual payment of excise tax on the same article. A similar provision already exists in respect of Sales Tax."

It was not the intention of the Government to have this exemption of such wide application. "Sugar," "glucose and grape sugar" when used in the manufacturing of "beverages consisting of unfermented fruit juices and imitations thereof, carbonated beverages or aerated waters and all other compounded or mixed soft drinks, put up in bottles for sale," were not intended to be included in the exemptions. By inadvertence the Bill was drafted and passed before the mistake was noticed.

To correct this mistake, it was necessary to introduce and pass another Bill to amend the Special War Revenue Act. By this latter Bill, No. 101, a proviso is added to subsection 3 of section 80 as enacted by the previous Bill No. 88, excepting from the wider exemptions "Sugar and glucose and grape sugar."

If these two bills were passed and assented to and went into the statutes separately, it would likely cause confusion to the public, so it is considered advisable that the Senate consolidate them by incorporating the provisions of the latter Bill, No. 101, with the former, No. 88.

The procedure which should be followed to that end is that Bill 101 be given first and second readings, and that the third reading be placed on the Order Paper for the next sitting, or a later stage of the present sitting, to be considered when we deal with Bill 88.

With this explanation I move second reading of the Bill.

Right Hon. Mr. MEIGHEN: This is apparently just a slip in the first Bill: too much included in exemptions.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: Why could this not have been corrected by the leader of the Government in this House being authorized to say on the third reading of Bill 88 that the amendment was desired by the Government of the day? We could then have amended the Bill we already have here.

Hon. Mr. DANDURAND: It has not been deemed proper to do that, for the obvious reason that it is essentially a money Bill. We shall discuss that when we come to Bill No. 88. It was thought better, in accordance with precedent, to amend the Bill in the Commons. I think that similar action has been taken in the past—I stand to be corrected—that we have passed a bill to amend one just previously passed.

Right Hon. Mr. MEIGHEN: That was after it had passed the third reading, of course.

Hon. Mr. DANDURAND: I am simply moving the second reading of this Bill No. 101 and having the third reading postponed. When we reach the third reading of Bill 88 I shall move to consolidate the two.

The motion was agreed to, and Bill 101 was read the second time.

THIRD READING POSTPONED

The Hon. the SPEAKER: When shall this Bill be read a third time?

Hon. Mr. DANDURAND: I move that it be placed on to-day's Order Paper after Bill 88, which will come up when the Orders of the Day are called.

The motion was agreed to.

SPECIAL WAR REVENUE BILL

MOTION FOR THIRD READING—DEBATE CONTINUED

The Senate resumed from Thursday last the adjourned debate on the motion for the third reading of Bill 88, an Act to amend the Special War Revenue Act.

Hon. RAOUL DANDURAND: Honourable senators, I should like to place on Hansard a statement for the purpose of answering some of the remarks of my right honourable friend and correcting some errors in dates in the history of the Canadian and British Insurance Companies Act. It is unfortunate that my right honourable friend was not with us in committee, because all these facts would then have been gone into while we were discussing the Bill. I shall read this statement, and if my right honourable friend desires that the debate be adjourned until to-morrow so that he may examine it, I shall be glad to agree.

This is a memorandum furnished to Hon. Mr. Ilsley by the Superintendent of Insurance.

The discussion in the Senate on the motion for third reading of this Bill is somewhat confusing by reason of the wrong citations of certain statutes and of certain decisions involving the Dominion's insurance legislation.

The Reciprocal Insurance case was decided in 1924, not 1931; the Insurance Case arising out of the reference by the province of Quebec was decided in 1931, not 1923; the tax on premiums paid to unlicensed insurers was first enacted in 1922, not in 1923; the amendment to the Act exempting Lloyd's from the obligation to obtain a licence as a prerequisite to transacting business in Canada was passed in 1934, not 1932.

I had myself indicated that it was in 1934.

The taxation of premiums paid to unlicensed companies was discussed at great length during the revision of the Insurance Act in 1910. A tax, however, was not at that time imposed.

During the war licensed companies became subject to war taxes in the form of the Special War Revenue Tax and the Business Profits Tax, neither of which applied to unlicensed insurers.

In 1922 when it became apparent that these war taxes would, in some form or other, continue for many years, or perhaps indefinitely, a tax on premiums paid to unlicensed insurers was first imposed. The purpose of this tax was stated by the Minister of Finance on the Budget resolution as follows:

"The whole purpose of the provision is simply to tax the individual who is getting, as he believes, and, as I think, very cheap insurance. If I buy cotton in the United States the law penalizes me by imposing a tax of 35 per cent. In this matter we are exceedingly moderate. If a man wants to pass over our Canadian companies and insure in the United States, we do not tax him 35 per cent, but simply 5 per cent. He is getting cheap insurance and is being asked to contribute in a very small degree to the business of Canada." (House of Commons Debates, 1922, p. 3253.)

On the revision of the Act in 1932 the rate of 5 per cent was increased to 10 per cent, at which rate it stands to-day.

Under the amendment of 1932 the words "or in any province thereof" were, for the first time, inserted and as a result of those words persons insuring with Lloyd's all over Canada were, when Lloyd's obtained a licence from one province, relieved of the unlicensed insurance tax paid to Lloyd's in all other provinces as well as in the province granting the licence.

Under the Canadian and British Insurance Companies Act of 1932 Lloyd's was recognized by definition as a British company so that, as above stated, persons insuring with Lloyd's would, but for the words quoted above, have been subject to the tax imposed upon persons insuring with British companies generally.

Right Hon. Mr. MEIGHEN: Perhaps the honourable gentleman would simply place this on Hansard. I will study it.

Hon. Mr. DANDURAND: Surely. I shall place it on Hansard.

In 1934, on a revision of the Act, the definition of "British company" was changed by deleting therefrom Lloyd's, but no change was made in the corresponding definition of "British company" in the Special War Revenue Act. The result was that from 1934 on Lloyd's was not a British company under the Canadian and British Insurance Companies Act, but was a British company under the Special War Revenue Act. The result of the change in the definition in the first mentioned Act was to relieve Lloyd's of the obligation to obtain a licence and to withdraw from the Minister the power to grant such a licence, even if applied for.

Section 4 of the Foreign Insurance Companies Act, 1932, as amended, is as follows:

"No company shall transact the business of insurance in Canada (save as hereinafter expressly provided) unless it is registered and holds a certificate of registry from the Minister."

And section 58 imposes a penalty not exceeding five thousand dollars and imprisonment for a term not exceeding six months for offences against that provision.

So far as is known, up to 1934 no foreign company violated these provisions. Since 1934 one company at least has obtained licences in two provinces without applying for registry from the Dominion, and by so doing has relieved its Canadian policyholders from the tax otherwise payable under section 16 of the Special War Revenue Act.

It was stated in the discussion in the Senate on Thursday last that the company "simply took out a Quebec licence, and three years later an Ontario licence," but that simple act was a direct violation of the Foreign Insurance Companies Act. Attempts have been made to have the company comply with the Act, but it now appears that it does not intend to submit to Dominion authority while continuing to operate in the provinces mentioned.

The amendment proposed to the Special War Revenue Act will remove the apparent conflict between the provisions as above outlined of that Act and of the Foreign Insurance Companies Act. The latter Act makes Dominion registry essential to the transaction of business in Canada; the former implies that a provincial licence alone is sufficient.

The amendment also brings the definition of "British Company" into accord with that in the Canadian and British Insurance Companies Act, and thereby recognizes the special concession and status granted to Lloyd's by the amendment to the latter Act in 1934. The result is to continue the exemption to persons insuring with Lloyd's to which they have been heretofore entitled without any violation of other statutes

Hon. Mr. DANDURAND.

by Lloyd's, while closing the door to a similar exemption to the insured of other companies, accorded no such concession or status, which may be disposed to violate those other statutes.

In the decision of the Privy Council on the Insurance Reference in 1931 it is stated:

"Their Lordships have no doubt that the Dominion Parliament might pass an Act forbidding aliens to enter Canada or forbidding them so to enter to engage in any business without a licence, and further they might furnish rules for their conduct while in Canada, requiring them, e.g., to report at stated intervals,"

and legislation having such a prohibition as its object should not on that ground be open to attack. The decision later states that a tax linked up with an object which is illegal must fall.

With that decision before it Parliament passed the Acts of 1932 and 1934 above referred to and, presumably, considered them properly framed and valid. A question was raised in the Senate on Thursday last as to whether the Department of Justice has approved of the proposed amendment. This question was not raised in the Banking and Commerce Committee on the preceding day, when I should have been glad to have filed the opinion of that department if it had been requested or even mentioned. The opinion is as follows:

"Ottawa, June 4, 1941.

Dear Mr. Ilesley,—

Referring to your telephone conversation with me, I beg to advise you that in the opinion of this Department the Foreign Insurance Companies Act, 1932, is valid legislation of the Parliament of Canada, and that it is within the competence of Parliament to amend subsection 1 of section 16 of the Special War Revenue Act, as enacted by section 1 of chapter 54 of the statutes of 1932 by striking out the words 'or of any province thereof' in the fourteenth line thereof.

Yours faithfully,

(Sgd.) W. Stuart Edwards,
D. M. J.

The Honourable J. L. Ilesley, K.C.,
Minister of Finance,
Ottawa."

At pages 589 et seq of the Debates of the Senate for June 27, 1934, in dealing with the Canadian and British Insurance Companies Bill, Report of Committee, Hon. Mr. Dandurand said:

"We are legislating to control British companies, but one organization is excepted. I think the other House, as well as a number of members of this Chamber, will be surprised to find that Lloyd's, being now freed from obligations to which other British companies are subject, are not only removed from federal control, but inferentially are allowed to do business throughout Canada under provincial authority. Furthermore, they are now deprived of the opportunity of coming to the federal authorities for a licence.

"It has been said, and will be repeated, that Lloyd's have already obtained licences from one or two of the provinces and can obtain them from other provinces, and the Privy Council has declared that the provincial authorities have the right to grant licences to insurance companies. Yet under our jurisdiction in bank-

ruptcy and insolvency we claim to exercise control over British companies doing business in Canada. If we have such control it should be applied to all companies, and it was for this reason that I moved in committee for the restoration of control by the federal authorities over all British companies, including Lloyd's.

"I would point out to the Government and the public that although the amendments are intended by the House of Commons to place all British insurance companies on an equal footing by withdrawing from Lloyd's the privilege conferred on them by the Bill as it left this Chamber, Lloyd's are now given permission to roam at large throughout the Dominion, doing business without any federal control whatever. It is against the granting of a privilege to one organization that I register my protest."

Right Hon. Mr. Meighen said:

"Let us analyse the effect of the amendment. It means that Lloyd's, but not the London & Lancashire or some other company in England, can do business in Canada under a provincial licence in so far as that licence will operate. In Quebec they operate within the terms of a Quebec licence, in Ontario under an Ontario licence. They cannot operate anywhere in Canada except under a provincial licence. It is true that others are denied the right to operate in this way, but again I press the distinction that Lloyd's cannot be put through the same mould as others, for the reason that Lloyd's policies have behind them a security which redounds to the advantage and stands for the protection of policyholders in Canada and all over the world. This is a security such as the other companies cannot claim. Consequently it is not at all indefensible to make a distinction in regard to a group of insurers who already provide the very safeguards which, so far as Canadian policyholders are concerned, are the main purpose of the Bill."

I have a note from Mr. Ilsley drawing my attention to a statement made last Thursday by my right honourable friend (Right Hon. Mr. Meighen); that Mr. Finlayson is "confronted by the Minister of Finance." Mr. Ilsley says:

If this meant that I am in conflict with Mr. Finlayson over this matter, I must state that it is not so, in any sense.

My right honourable friend has suggested that pending the reference to the Supreme Court of section 4, and the handing down of judgment thereon, that section and section 3 should be suspended. On Thursday last my right honourable friend moved:

That this Bill be not now read a third time, but that it be amended by adding the following as section 29 thereof:

Sections 3 and 4 of this Act shall not come into effect until proclamation by the Governor in Council, and such proclamation shall not be issued until section 4 of this Act shall have been submitted to the Supreme Court of Canada for the purpose of having the judgment of the said Court on the constitutionality of said section 4, and said judgment has been given.

His Honour the Speaker did not put this motion, but I take it for granted that my right honourable friend still intends to press it.

Right Hon. Mr. MEIGHEN: It is quite unreasonable, as I understood the Minister himself (Hon. Mr. Dandurand) said at the beginning, to expect me to absorb immediately that long memorandum which has just been read, and to reach a conclusion to-night as to its bearing on the amendment I moved. I should like to study the document, and I suggest that the motion for third reading stand over until Thursday. In the meantime I should like also to get into touch with counsel for the company concerned. This is a purely business matter which, so far as I know, affects only one company.

Hon. Mr. DANDURAND: I want to be entirely fair to my right honourable friend.

Right Hon. Mr. MEIGHEN: It may be that by Thursday I shall have been persuaded by this memorandum. But as it was being read I could not help noting that while its author had the opinion of the Department of Justice and was thoroughly confident of the law, he failed to answer the one big query that I asked last week, namely: Why is the law not enforced? If you are so sure of your ground, why do you stand helpless and permit the law to be broken? The memorandum contained no answer to that question. However, I know that any memorandum having the authorship which is behind this one is always worthy of thorough study. I understood this was signed by the Minister of Finance, but I do not for one moment doubt that the hand was the hand of Esau.

Hon. Mr. DANDURAND: What I read was a memorandum from Mr. Finlayson to the Minister of Finance.

Right Hon. Mr. MEIGHEN: I thought the Minister's signature was on it.

I never intimated that there was a conflict between Mr. Finlayson and Mr. Ilsley.

Hon. Mr. DANDURAND: My right honourable friend's statement would perhaps lead to that interpretation.

Right Hon. Mr. MEIGHEN: I never intended that. If there is a conflict, I have no doubt as to who will win.

Hon. Mr. DANDURAND: My right honourable friend has met Mr. Finlayson before. He apparently worsted him in 1934, when Mr. Finlayson was insisting that Lloyd's should come under the general law, and the right honourable gentleman said, "No, they shall not."

Right Hon. Mr. MEIGHEN: I was right.

Hon. Mr. DANDURAND: However, that is not the matter which interests us now. The situation concerning Lloyd's remains the same as it has been since 1934.

Right Hon. Mr. MEIGHEN: I move adjournment of the debate until Thursday.

Hon. Mr. DANDURAND: Could we not fix the adjournment tentatively until to-morrow? We do not know what may happen.

Right Hon. Mr. MEIGHEN: I can study the memorandum by to-morrow, but I do not know whether I may be able to see the solicitor.

Hon. Mr. DANDURAND: Shall we make the adjournment until to-morrow?

Right Hon. Mr. MEIGHEN: Yes. If I am unable to see the solicitor by that time, the debate can be adjourned for another day.

Hon. Mr. DANDURAND: Yes.

On motion of Right Hon. Mr. Meighen, the debate was adjourned.

LABOUR DEPARTMENT BILL

On the motion to adjourn:

Hon. Mr. CALDER: Honourable senators, before the House adjourns, I should like to say that I have been able to obtain from the Estimates the information I desired when I asked to have third reading of the Labour Department Bill put over until to-morrow. Apparently I was the only one who objected to third reading being given to-night. If the honourable leader (Hon. Mr. Dandurand) wishes to have third reading now, I have not the slightest objection.

Right Hon. Mr. MEIGHEN: It will be just as well to wait until to-morrow.

Hon. Mr. DANDURAND: I have noted the statement of my honourable friend (Hon. Mr. Calder). We shall take third reading to-morrow.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Wednesday, June 11, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

Right Hon. Mr. MEIGHEN.

PRAIRIE FARM ASSISTANCE BILL

FIRST READING

A message was received from the House of Commons with Bill 95, an Act to amend the Prairie Farm Assistance Act, 1939.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. Mr. DANDURAND: The honourable senator from Peel (Hon. Mr. Marshall) has kindly agreed to father this Bill. If my right honourable friend opposite (Right Hon. Mr. Meighen) is ready, we may take the second reading now.

Hon. D. McL. MARSHALL moved the second reading of the Bill.

Right Hon. Mr. MEIGHEN: The sponsor of the Bill does not seem to think any explanation is necessary. Maybe it is not, for those whose minds are not as confused about the thing as mine is. I cannot get that second clause through my head. If the sponsor wants to give a display of his powers of exposition, here is a splendid thing to concentrate upon.

Hon. Mr. MARSHALL: Honourable members, as I read the Bill, the purpose is simply to insert the words "resident from May first to November first"—

Right Hon. Mr. MEIGHEN: I understand that. That is very clear.

Hon. Mr. MARSHALL: —in both cases; for the emergency year plan and the other plan.

Right Hon. Mr. MEIGHEN: That part is very simple and as clear as day. What I cannot understand is the part about taking a piece out of one township and placing it in another.

Hon. Mr. MARSHALL: Really the only change proposed by this measure is to repeal section 7 of the Act, which provided for substitution of parts of ineligible townships for parts of eligible townships, the township being the unit. If you took so many townships—

Right Hon. Mr. MEIGHEN: For what purpose?

Hon. Mr. MARSHALL: For instance, we will say one-quarter of a township is a crop failure, while the other three-quarters has a crop above eight bushels to the acre. In this event that township can be split up and the

crop failure section added to that part of another township in which there is also a crop failure, and the farmers in that crop failure area can get assistance. On the other hand, if a quarter of the township has a good crop, that portion can be withdrawn from the crop failure area. The present Act allows areas to be traded, or transposed, so to speak. This Bill will enable one-half of a township where there is a crop failure to be taken out without anything being put back to take its place. In short, it does not provide for substitution.

Maybe my powers of explanation are not very good, but I think that if I had a blackboard and a piece of chalk I could demonstrate what is said to be the purpose of this Bill.

Right Hon. Mr. MEIGHEN: As I remember, in the original Act the township was the unit.

Hon. Mr. MARSHALL: Yes.

Right Hon. Mr. MEIGHEN: If a certain proportion of that unit was a failure it was eligible for the benefits under the Act. That is plain. If not up to that proportion of failure, the township was expected to look after itself. Now, if you are allowed to juggle, to take a piece of good crop out of one township and put it into a township that can stand a good crop and still have sufficient bad area to entitle it to the bonus; or if a piece of the bad area of one township can be combined with a similar area in another township so that it may get the benefit—if such is the purpose, I am sure anyone can follow it. But in effect this enables the Minister to distribute money wherever he likes.

Hon. Mr. MARSHALL: No; it must be a quarter of a township, and it must be contiguous to the crop failure area. For instance, if this township is a crop failure area, and in the adjoining township there is a quarter, or nine sections, with less than eight bushels to the acre, those nine sections can be added to the crop failure area in this township. But the areas added together must be next to each other. In other words, you cannot pick out a few sections here and there in any part of a township. An area to be included must be next to a boundary line, so that together with the eligible area in the adjoining township it will make a unit.

Right Hon. Mr. MEIGHEN: Then the proper way to accomplish what is desired would have been to say that a certain measure of assistance can be given to any area the boundaries of which enclose a certain acreage on which the crop is less than so many bushels

to the acre. Let us take two townships, in neither of which is there a failure area sufficiently widespread to justify assistance. Suppose the failure area should be one-third of a township, but in one case it is only one-quarter and in the next township only one-sixth. If you unite the two failure areas, so that together they make more than one-third of the area of a township, you are just juggling. You just put the Minister in a position where he can juggle as he pleases.

Hon. Mr. MARSHALL: No. There must be an area large enough to make a crop failure area, and the only thing you can add to that is one-fourth of any township, but the added acreage must be lying contiguous to the crop failure area and must also have had a crop failure.

Right Hon. Mr. MEIGHEN: If a township has only a small area of failure, only enough to make up the lack in the adjoining township, why can it not look after itself?

Hon. Mr. ASELTINE: How many townships are there in a crop failure area?

Hon. Mr. MARSHALL: It must be in a crop failure area, and unless it is one-quarter of a township it cannot be added. You cannot pick out sections here and there and put them in; but if there is a crop failure area surveyed off, so to speak, and a township has nine, ten or twelve sections of land alongside that crop failure area, they can be taken in.

Hon. Mr. CALDER: Must the addition be regular in shape?

Hon. Mr. MARSHALL: No. It might dodge out for a piece. But it must be connected with the failure area; it must lie alongside it.

Hon. Mr. CALDER: I cannot follow the honourable gentleman there. He states that one-quarter of thirty-six sections, that is, nine sections, can be added to it.

Hon. Mr. MARSHALL: Yes.

Hon. Mr. CALDER: Now, if you get a block of three by three, all of which—

Hon. Mr. MARSHALL: You would not very often get that.

Hon. Mr. CALDER: But suppose you did. Only three of the sections in that block would be contiguous to the other area. The rest of the sections would be back from it.

Hon. Mr. MARSHALL: But they would be contiguous to the three with the bad crop.

Hon. Mr. CALDER: There is nothing in the proposed law to provide that the area to be added to a crop failure district shall be regular in shape.

Hon. Mr. HUGESSEN: Oh, yes. It has to be rectangular, according to this.

Hon. Mr. CALDER: That is the question I ask.

Hon. Mr. MARSHALL: The sections are surveyed square.

Hon. Mr. CALDER: Here are two sections that lie right up against the area. Now, you propose to add two sections—

Hon. Mr. MARSHALL: No; you cannot add less than one-quarter of a township.

Hon. Mr. CALDER: Two of them lie contiguous to the existing crop failure area.

Right Hon. Mr. MEIGHEN: Two townships?

Hon. Mr. CALDER: Two sections.

Hon. Mr. MARSHALL: You cannot do that.

Hon. Mr. CALDER: North of those are three adjoining sections, and farther north are four more, and farther north again another one. You have ten sections, only two of which lie contiguous to the crop failure area. Now what I ask is this: Can those administering the law put an irregular district of that kind into the crop failure area?

Hon. Mr. MARSHALL: No.

Hon. Mr. CALDER: Why not? What is there in the law to prevent that?

Hon. Mr. MARSHALL: Because this added piece must stretch down alongside it.

Hon. Mr. MURDOCK: Pardon me, but do you not think we should read the explanatory note? It says:

... the Minister may, at the request of the rural municipality or, in the case of any other area, of the government of the province, and with the approval of the Board, substitute a part of an ineligible township for a part of an eligible township and eliminate from the eligible township a part thereof equal to or exceeding in cultivated acreage the part substituted as aforesaid and, for the purposes of this Act, such substituted part shall be deemed to be part of an eligible township and such eliminated part shall be deemed to be part of an ineligible township; Provided that no part of a township shall be so substituted unless such part is contiguous to an eligible township or to an eligible part of a township. . . .

Hon. Mr. CALDER: That does not help us at all, so far as I can see. What must be contiguous? Every one of the nine sections added?

Hon. Mr. MARSHALL: It was found difficult to work under the present section, which is quoted in the explanatory note opposite page 2 and which says:

Hon. Mr. CALDER.

... the Minister may, at the request of the rural municipality or, in the case of any other area, of the government of the province, and with the approval of the Board, substitute a part of an ineligible township for a part of an eligible township and eliminate from the eligible township a part thereof equal to or exceeding in cultivated acreage the part substituted as aforesaid. . . .

That is the present law. That authorized the trading of a piece in an ineligible township for a piece that was eligible in a crop failure district. But that is to be done away with, and now there is provision for the addition of not less than one-quarter of a township, a side of which lies alongside the other area. No smaller piece than one-quarter of a township, or nine sections, may be taken in. On the other hand, if in some other district there is a piece that has a good crop, that can be taken out.

Hon. Mr. CALDER: Will the honourable gentleman pardon me? I can understand the difficulties and I dare say it would be very hard to define this in a law. Here is a township that is without question a short-crop area. A township is six miles wide.

Hon. Mr. MARSHALL: Six miles square.

Hon. Mr. CALDER: You are going to add something to those six miles. Now you want to add at least one-quarter of a township, which is nine sections. You can get six sections that are contiguous to the township that has a crop failure. How are you going to get the rest in?

Hon. Mr. MARSHALL: You cannot.

Hon. Mr. CALDER: If you cannot get the other three sections in somehow, how are you going to get the one-quarter of a township in?

Hon. Mr. MARSHALL: The Bill says it must be a "rectangular block of sections of land . . . within an ineligible township and a side of which lies along the boundary of an eligible township." If this desk were the boundary of an eligible piece, you could not add a string of sections, one of which lay alongside this boundary and the others of which ran out in another direction.

Hon. Mr. CALDER: I was talking about the addition, in the first place, of six sections, all of which are adjacent to the other township.

Hon. Mr. MARSHALL: You cannot add six; you must add at least nine.

Hon. Mr. CALDER: I am prepared to add another three, and I have those three where there is a crop failure. They are right up against the six. But I cannot get a rectangle out of that.

Hon. Mr. MARSHALL: You just cannot do it, that is all. The idea is that you cannot add a piece that zigzags in various directions.

Hon. Mr. CALDER: In other words, three fellows can be selected and put in; three back of them can also be put in, and three more besides. But the fellows on the other side of the boundary, who are in just as bad a position as those nine, cannot be put in.

Hon. Mr. MARSHALL: You cannot make a law that will exactly suit everybody.

Hon. Mr. CALDER: This simply creates a situation wherein the Minister can juggle the thing as he likes.

Hon. Mr. MARSHALL: A crop failure does not stop at the highway. There may be a road between two townships, and if it does not rain on one side of the road it may not rain on the other side either. If there are nine sections in a township and they are in a rectangular form and lying alongside the boundary of an eligible township, they can be added.

Hon. Mr. CALDER: The Lord help the fellow who is outside the rectangle.

Hon. Mr. MARSHALL: The Lord will have to help many of them out there.

Right Hon. Mr. MEIGHEN: The right to bounty depends on the geometric nicety of the rainfall. Anyway, you cannot get nine sections in rectangular form.

Hon. Mr. MARSHALL: No, not nine. The amendment requires that the block be not less than nine sections. That would not prevent you from transferring twelve, if there were twelve with a crop failure.

Hon. Mr. EULER: You might have a rectangle, but not a square.

Right Hon. Mr. MEIGHEN: If the rain falls as it usually does, some fellows will be out of luck.

Hon. Mr. MARSHALL: Some of the fellows will be out of luck, there is no doubt about that. We cannot bring them all in.

Right Hon. Mr. MEIGHEN: Reports I get indicate the thing depends not so much on rainfall as on the vote in the last election.

Hon. Mr. DANDURAND: My right honourable friend should not make a statement of that kind. He must have confidence in some men.

Right Hon. Mr. MEIGHEN: Who are the members of the board?

Hon. Mr. DANDURAND: I can get the names for my right honourable friend.

Right Hon. Mr. MEIGHEN: I should like to have them. I may know one of them.

Hon. Mr. DANDURAND: I may say that this Bill came before Council. There were present fifteen men, who wanted to know the value of the amendment and how it would work. We were given so clear a picture of the situation in the West and of the need for this measure that there was unanimous support for it. I believe that after this section was explained in the other House there was no opposition whatever to it.

Right Hon. Mr. MEIGHEN: I do not suppose anybody understood it.

Hon. Mr. DANDURAND: If my right honourable friend has no confidence that this legislation will work well, I suggest that the Bill be sent to committee, where the Minister, Hon. Mr. Gardiner, could explain it. I think he would convince my right honourable friend.

Right Hon. Mr. MEIGHEN: I have never heard the names of the members of this board. I should like to know who they are, to see whether I know any of them.

Hon. A. L. BEAUBIEN: I may say to the right honourable gentleman that I have seen how this Act works. Here is a township that has a crop failure and is eligible for a bonus under the Act. In an adjacent half township or quarter township the people have no crop at all, because there was no rainfall, and they are not entitled to anything. To my personal knowledge a great deal of hardship has been worked by this difference in treatment. The scheme is operated in this way. There is a field man in, say, the province of Manitoba. The municipalities make application to have certain areas investigated for the purpose of seeing whether or not they should come under the scheme. Then the municipal councils appoint men, most of whom are practical farmers, to go from home to home and ascertain what the facts are.

I would say to my right honourable friend that after having seen how the Act works I think this amendment is very necessary. It is easy to visualize the hardship that has arisen. You may live in one township and get a bonus, whereas I, in an adjoining township where there is no crop at all, may get no assistance.

Right Hon. Mr. MEIGHEN: I understand that. And it is plain why you might be allowed to transfer a piece to another township. My point is that crop failure areas should be considered irrespective of township limits. If a failure area is big enough, it should be entitled to help. The township idea is all wrong and has confused the whole thing.

Hon. Mr. CALDER: Hear, hear.

Right Hon. Mr. MEIGHEN: It is true that sections can be added, but it became clear from questions asked by the honourable senator from Saltecoats (Hon. Mr. Calder) that a man's luck in getting his land added depends altogether on the shape of the rainfall. It appears that a man may be out of luck if the area on which rain falls is not rectangular. That does not seem in accord with the need mentioned by the honourable senator from St. Jean Baptiste (Hon. A. L. Beaubien).

What still confuses me is this substituting business. It is provided for in the present Act—for this is not something new—and it is now to be discontinued. Provision was made for substituting for a good part in one township a bad part in another township. For the life of me I cannot understand that, and I do not think anyone can explain it. I doubt if it was understood in the other House.

Hon. Mr. MARSHALL: That provision for substituting is repealed.

Right Hon. Mr. MEIGHEN: Now you can add without substituting?

Hon. Mr. MARSHALL: Yes. And you can subtract without substituting.

Right Hon. Mr. MEIGHEN: The best thing that can be said for our position is that we are repealing something no one understands.

Hon. A. L. BEAUBIEN: May I just make this observation? Suppose one-quarter of a township becomes eligible for the acreage bonus, and there is a reasonable crop in the other three-quarters. When the nine sections are taken out, the rest of the township, where the crop is above so many bushels to the acre, would not be eligible for the bonus, as I understand it.

Right Hon. Mr. MEIGHEN: That is clear.

Hon. Mr. BEAUBIEN: Under the present Act, if a township became eligible for the acreage bonus, everyone in the township received the bonus.

Right Hon. Mr. MEIGHEN: Those that had good crops?

Hon. Mr. EULER: Yes.

Right Hon. Mr. MEIGHEN: That is absurd.

Hon. Mr. BEAUBIEN: I understood that if the average yield in the township was below twelve bushels to the acre, everyone in the township was eligible for the bonus, because the township itself was eligible. I think I am correct.

Right Hon. Mr. MEIGHEN.

Hon. Mr. EULER: That is right.

Hon. Mr. BEAUBIEN: By this proposed amendment, if a certain number of sections—nine, twelve, or fifteen—were taken out of the township and put into another township, the remaining sections would not receive any bonus. I would ask the sponsor of the Bill (Hon. Mr. Marshall) whether I am right in my contention.

Hon. Mr. MARSHALL: The honourable senator is not quite right. The clause which this Bill would repeal because it has not been found workable did not enable everybody in the township to get a bonus if the average crop was more than twelve bushels to the acre; but it permitted taking so many sections out of that township and substituting sections from a township alongside it where there was a crop failure. However, the substitution business did not work satisfactorily. I think the proposed plan, repealing, as it does, that clause, can be operated with less difficulty and will work much less hardship. As to the suggestion that it would encourage manipulation, I think it would provide far less opportunity for such a practice.

Right Hon. Mr. MEIGHEN: The reason we are confused is that the original conception of townships was confusing. Townships should not have come into the picture at all; area alone should be the basis.

Hon. Mr. CALDER: Honourable senators, I must confess I did not have the slightest conception of what had taken place under the Act. It seems to me that, as the right honourable gentleman on my left (Right Hon. Mr. Meighen) says, to base this law on geometrical lines is simply crazy. Dry areas do not follow geometrical lines. My experience of Western Canada is that you would find in an area of, say, 100 miles by 50 miles, a pocket where there had not been a drop of rain throughout the year, while all around it were fine crops; not along geometrical lines, but in lines that took the form of great waves. It seems to me that to lay down geometrical lines in dealing with an economic situation of this kind is entirely wrong. I agree with the principle of the law that if a farmer has suffered a complete or nearly complete crop failure he is entitled to assistance from the State. Because of the conditions and restrictions contained in this Bill he cannot possibly get such assistance, and yet he is entitled to it. I dare say that at this stage of the session it is too late to amend this measure. However, it does seem to me that if there is occasion to provide for relief in cases of necessity

resulting from crop failure, every man within the province affected should be entitled to that assistance regardless of any geometrical lines.

Hon. A. L. BEAUBIEN: I may say to the honourable senator that, if you took the individual farm as a unit, administration of the Act would be well nigh impossible. The reason why the township was taken as a unit I may give from my own experience of nearly sixty years in the West. My farm is on the east side of the Red river. Some years we get plenty of rain. On the west side, especially beyond the Red river, as you get into the township lines, you will find there has been little or no rain at all. Consequently, if you allowed every farmer who has suffered a crop failure to come under an acreage bonus, it would take an army of officials to administer the Act; it would be virtually impossible.

Hon. Mr. MARSHALL: The only way in which my honourable friend's proposal could be put into effect would be to insure against crop failure, and then you would have to deal with the farms.

This Act is not applicable to Saskatchewan in cases of small crop failures; it is not applicable there unless 171 townships are involved. As several honourable members from the West are aware, we speak in that country in terms of townships and ranges. In the early days, if you asked for directions you would be expected to state the number of the lot, the range and the township. If, for instance, you were looking for my place, you would be told to go to township 32, to drive out the township line until you reached such and such a range, and then go north two miles and you would be in my barnyard. In Alberta the minimum for a crop failure area is 90 townships, and in Manitoba 54 townships.

Hon. Mr. CALDER: Scattered anywhere; not necessarily in a block.

Hon. Mr. MARSHALL: Not necessarily in a block. The claims originate with the municipalities. They report crop failures. A municipality in any of the three Prairie Provinces is composed of a certain number of townships, depending on the way it is organized. While somebody will lose out, I do not think any plan is workable unless it runs along township and range lines. I think the plan contained in the proposed amendment is a decided improvement on the present plan.

Hon. Mr. EULER: Honourable senators, I quite agree there is a good deal of point in the criticism that relief should not be given according to geometrical lines, and that if areas which do not conform to township lines

could readily be defined and relief be given where relief is needed because of crop failure, it would be the proper method. I happened to be a member of the Government when the original Act was under consideration, and the only reason I know of for the township idea being adopted was the difficulty of administering the law in any other way.

While I think it is perfectly right that crop failure areas contiguous to an area entitled to relief should be included, it seems to me quite possible that another area which needs relief just as badly, but which is only contiguous to the contiguous area, would not be able to share in that relief. I may be wrong in this.

There is in the amending Bill one change which seems to me a step in the right direction. There is, we will say, an area, in more than one township, in which the general average yield falls below a certain figure. Within that crop failure area there may be farms with a yield of from twenty-five to thirty bushels to the acre, yet the owners of those farms are also entitled to the bonus. This, I think, is absolutely wrong, and I take it that the amendment corrects that condition.

Right Hon. Mr. MEIGHEN: No.

Hon. Mr. EULER: If it does not, it should. That condition is absolutely unjust to the taxpayers.

Right Hon. Mr. MEIGHEN: I never understood that that was the law. It would be perfectly absurd that relief should go to any person who does not suffer damage.

I should like to get the names of the members of the board.

Hon. Mr. DANDURAND: The board is composed of Professor Hope, who is Professor of Farm Management in the University of Saskatchewan, with which an agricultural college is affiliated, and who is thoroughly familiar with the land question in the West; Mr. Murchison, Chairman of the Soldier Settlement Board here, whom I think my right honourable friend knows—

Right Hon. Mr. MEIGHEN: Here?

Hon. Mr. DANDURAND: Yes. The third member is the secretary, Mr. Stevenson, of the Department of Agriculture.

I have been given a brief example of how the proposed plan would work. An area may not be in a perfect square block; it may turn right or left. Within that area there may be a corner which should be brought in. Under the Act it is excluded. This Bill would permit its inclusion. In another corner there may be a part that should be withdrawn from the crop failure area, and it can be;

but it must be contiguous. This would help the farmer who should be brought into the assistance area, and would eliminate the farmer whose crop is fourteen bushels or more to the acre. This seemed to be quite acceptable to the members of the other House. I may mention in particular Mr. Perley and Mr. Diefenbaker. The only criticism heard was that the amendment did not go far enough. So I believe there is virtue in this Bill, and that it should not meet with any opposition in this House. Of course, if there is any difficulty in understanding how the Bill would operate, I would suggest to my right honourable friend that we refer it to committee, in order that the Senate may be as fully informed as the Commons, which adopted the Bill unanimously.

Right Hon. Mr. MEIGHEN: I do not intend to prolong this discussion. One would gather from the honourable leader's remarks that this Bill excludes from crop failure assistance those farmers whose crop yield is away above eight bushels to the acre. It does not do that at all. Obviously there was provision for adding adjacent areas, if rectangular, even though they were in a different township from that of the drought area to be taken care of. But previously that provision was combined with one for taking an area out of the dried-out area and placing it in a favourable area somewhere else. It permitted extraction to counterbalance what was taken in. But the section is now being repealed; therefore, all that is provided for is the inclusion of adjoining drought areas in existing drought areas.

Hon. Mr. DANDURAND: And exclusion in the same area.

Right Hon. Mr. MEIGHEN: Where is that?

Hon. Mr. HUGESSEN: In paragraph (a).

Right Hon. Mr. MEIGHEN: That is, you can take it out if it is rectangular. And what area?

Hon. Mr. HUGESSEN: An area forming part of a township which would otherwise be eligible.

Right Hon. Mr. MEIGHEN: Paragraph (b)—

Hon. Mr. HUGESSEN: Paragraph (a):
—where any rectangular block of sections of land having an area of not less than one-quarter of a township within an eligible township and a side of which lies along the boundary of an ineligible township is determined by the Board to have an average yield of fourteen or more bushels of wheat per acre.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: Oh, yes, you can take out one of that size; that is all right; but you still have to pay in cases where there would be a great deal over seven bushels to the acre. You can take an area of that size out of a section if you have a rectangular block of not less than one-quarter of a township.

Hon. Mr. EULER: And it must be contiguous.

Right Hon. Mr. MEIGHEN: I do not know who the members of the board are. I notice Mr. Stapleford is not on it.

Hon. Mr. EULER: I do not like to criticize, but this provision whereby you cannot exclude from an area entitled to relief that portion which has a good crop, unless that area is adjacent to one which is ineligible, does not seem to be fair. In a township whose average yield would entitle it to relief, there might be a considerable number of farms, say one-quarter of the township, with twenty or even thirty bushels to the acre, yet the owners of those farms, who do not require assistance, cannot be excluded, but must be paid the bonus.

Hon. Mr. DANDURAND: You cannot exclude one here or there.

Hon. Mr. EULER: If one-quarter of a township has a sufficient crop, regardless of whether it is adjacent to an eligible area or not, can it not be excluded? I do not understand why it cannot be done on the sole ground that it does not meet with the requirements?

Right Hon. Mr. MEIGHEN: Yes. That is right.

Hon. Mr. MARSHALL: There may happen to be in a drought area a few sections with a good crop, but there will not be any with twenty-five bushels to the acre. There may be some with more than ten. But if we provide to take them out and not give them any benefits, then we should hunt out the different farmers in the localities where there has been no rain, and should put them under the Act. That would be a pretty burdensome undertaking.

I talked with the Deputy Minister some time ago. He took a very great interest in this Act and during the first year of its operation he made several trips west to watch its administration. I refer to Dr. Barton. As nearly everybody knows, he is a very competent and painstaking man. He told me that a great many difficulties were being encountered, but not nearly as many as had been

expected. He said there was a general desire among the people to work it out as fairly as possible. I do not know just how long he stayed. He made a survey of the areas which should be eligible and those which should not.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

SALT FISH BOARD

INQUIRY

Hon. Mr. ROBICHEAU inquired of the Government:

1. Were the entire amounts of parliamentary votes for the Salt Fish Board, namely, \$800,000 in the fiscal year 1939-40, and \$28,000 in the fiscal year 1940-41, transferred to the board; and if so, at what dates? If not all transferred how much of each vote did the board receive, and at what dates?

2. Has the board received any part of \$25,000 parliamentary vote for the fiscal year 1941-42; and if so what amount and when?

3. What cash balance has the board at date?

4. What is the total amount of the board's disbursements in each of the provinces of Nova Scotia, New Brunswick, Prince Edward Island and Quebec in each of the fiscal years 1939-40, 1940-41, 1941-42?

5. What were the board's total disbursements in each of the years above mentioned (1) for offices, and (2) for office assistance and supplies?

6. What are the names and addresses of the persons named by the board as Regional Advisory Committees, and what is the total amount paid to each person?

7. What are the names and addresses of persons named by the board as Scientific Advisory Committee; and what is the total amount paid to each person?

8. In board administration what is the meaning and purpose of "deficiency payment"; and on what basis, economically or otherwise, is it ascertained and settled?

9. What in substance is the advice furnished to the board by the Scientific Advisory Committee?

10. What is the total value of deficiency payments for which cheques or money orders were issued previous to March 27, 1940; and the total value of payments subsequently made? When were the first and when were the last cheques and money orders issued?

11. Of the \$115,041.66 deficiency payments made to Bank schooners how much went to fishermen-producers and how much to dealers?

12. Were cheques and money orders for deficiency payments issued at Ottawa or by the board?

13. What is the number of applications for deficiency payments received by the board from each county, but not approved, and for which no payment was made?

14. Is the system of deficiency payments suspended or abandoned; and if so, why? And what system or policy of promotion and development of the industry is the board now carrying on or planning to carry on?

15. What was the total production of dried (or salted) fish in each of the provinces, Nova Scotia, New Brunswick, Prince Edward Island and Quebec in each of the years 1937 to 1941, inclusive?

Hon. Mr. DANDURAND: I have an answer to the inquiry of the honourable gentleman. It is as follows:

1. No amounts were transferred to the Salt Fish Board. Accounts and claims were paid after proper certification on behalf of the board in the usual way, through the office of the Comptroller of the Treasury at Ottawa.

2. No.

3. Nil.

	1939-40	1940-41	1941-42
	Deficiency payments		To May 31, 1941
N.S.	\$276,058 38	\$170,781 00	Nil
N.B.	35,343 18	35,429 56	Nil
P.E.I.	13,576 71	11,498 57	Nil
Que.	122,938 86	119,003 57	Nil

5. 1941-42

To May

31, 1941

1939-40

1940-41

31, 1941

(1) Offices ... Nil Nil Nil

(2) Office assistance and supplies \$27,020 67 \$22,272 14 \$2,982 01

6.

	Expenses
Nova Scotia:	
O. F. MacKenzie, Halifax.....	Nil
Norman Sollows, Yarmouth.....	\$42 75
Ambrose Forgeron, Halifax.....	Nil

New Brunswick:

Northern—

Azade Chiasson, Lameque..... 3 50

Amedee Lanteigne, Middle

Caraquet 1 50

Stanislas Duguay, Shippegan

Island 4 50

Southern—

Walter Benson, Seal Cove, Grand

Manan Nil

J. Lorin Savage, Wilson's Beach.. Nil

Patrick Driscoll, West St. John.. Nil

Prince Edward Island:

H. H. Acorn, Souris (now deceased) Nil

John McIntosh, Tignish..... Nil

Temple Murphy, Mount Stewart.. 25 45

Quebec:

Magdalen Islands—

Calixte Gallant, Etang des Caps.. 31 80

Cyrice Delaney, Havre aux

Maisons 50 00

Frank Leslie, Grindstone..... 50 00

Gaspé Peninsula—

Jacob Packwood, Jersey Cove,

Gaspé County..... 54 43

E. A. Bouillon, Paspébiac, Gaspé

County 11 70

Joseph B. Bujold, St. Simeon,

Bonaventure County..... 13 20

North Shore St. Lawrence and
Saguenay County

Louis T. Blais, 55 St. Peter St.,

Quebec City..... Nil

Cyrille Morris, Harrington Har-

bour 42 60

Achille Cormier, Havre St. Pierre 100 95

7. Dr. S. A. Beatty, Director Fisheries Experimental Station, Halifax. Dr. A. Labrie, Director Gaspé Fisheries Experimental Station (resigned). Dr. D. Le B. Cooper, Atlantic Fisheries Experimental Station, Halifax (resigned). Dr. Ernest Hess, Associate Bacteriologist, Atlantic Fisheries Experimental Station, Halifax.

Only expenses paid were to Dr. Labrie—\$77.

8. A "deficiency payment" is an amount equal to the difference between the price paid to the fisherman by a dealer for a specific kind and cure of fish and an amount determined for that specific kind and cure of fish called a "supplemented price." The supplemented price is determined from time to time according to the conditions within the industry and the economic conditions external to it. The amount received by a fisherman is determined by a sworn statement from the fisherman and the dealer concerned.

9. The Scientific Advisory Committee furnishes advice to the board so that they may fulfil their duties under section 5, paragraphs (c) and (d) of the Salt Fish Board Act, which paragraphs have to do with the best methods of processing, salting, etc.

10. Payments previous to March 27, 1940, \$407,648.12; payments subsequent to March 27, 1940, \$372,001.26. First cheque issued March 6, 1940, last cheque issued April 30, 1941. Only postal notes issued April 19, 1940.

Hon. Mr. DANDURAND.

11. Total paid to fishermen-producers.

12. Cheques issued at Ottawa; postal notes at Halifax.

13.

Nova Scotia	1939	1940
Halifax County	13	3
Guysboro County	8	2
Shelburne County	2	34
Lunenburg County	4	2
Yarmouth County	4	6
Digby County	2	19
Pictou County	1	..
Cape Breton County	16	3
Richmond County	5	1
Inverness County	4	..
Victoria County	4	3

Prince Edward Island

Kings County	8	..
Prince County	11	..
Queens County	3	..

New Brunswick

Charlotte County	15	..
Gloucester County	30	1
Restigouche County	2	..
Kent County .....	..	1

Quebec

Magdalen Islands	10	3
Gaspé County	1	1
Saguenay County	1	..
	144	79
		223

14. The Salt Fish Board advised against the making of deficiency payments in the season of 1941 during the prevalence of existing high levels of export price attaching to salt fish. The board is at present engaged in making detailed studies of conditions internal to the industry as well as studies of its external markets in order to fulfil its duties under the Act, which include the devising and recommending of a plan or plans which may be adopted for the orderly marketing of fish, salt or to be salted, with a view to improving conditions and bringing greater returns to the primary producer and the exporter.

15.

Production of Dried (or Salted) Fish in Nova Scotia, New Brunswick,
Prince Edward Island and Quebec, 1937-1940

Production of Dried Fish including Boneless

	Nova Scotia cwts.	P.E.I. cwts.	N.B. cwts.	Quebec cwts.	Total cwts.
1937.....	204,461	3,399	50,668	27,002	285,530
1938.....	219,908	1,516	72,731	53,810	347,965
1939.....	156,810	1,215	21,765	49,765	229,555
1940.....	185,524	1,783	18,748	41,922	247,977

Pickled Mackerel

	bbls.	bbls.	bbls.	bbls.	bbls.
1937.....	29,570	127	9	9,675	39,381
1938.....	34,426	180	66	8,596	43,268
1939.....	56,801	828	101	9,225	66,955
1940.....	23,856	384	254	23,580	48,074

Salt Mackerel Fillets

	bbls.	bbls.	bbls.	bbls.	bbls.
1937.....	4,255	440	.....	2,617	7,312
1938.....	6,263	107	.....	2,261	8,631
1939.....	7,345	2,034	.....	4,524	13,903
1940.....	2,680	282	.....	201	3,163

Pickled Alewives

	bbls.	bbls.	bbls.	bbls.	bbls.
1937.....	1,344	.....	9,702	.....	11,046
1938.....	2,605	50	13,835	.....	16,490
1939.....	3,490	65	16,706	.....	20,261
1940.....	1,743	200	4,517	.....	6,460

Pickled Herring

	bbls.	bbls.	bbls.	bbls.	bbls.
1937.....	11,793	558	3,156	8,743	24,250
1938.....	20,992	643	3,076	9,758	34,469
1939.....	14,275	841	3,245	10,363	28,724
1940.....	11,717	955	8,462	8,388	29,522

Note: The figures for 1940 are unrevised.

SPECIAL WAR REVENUE BILL

THIRD READING

The Senate resumed from yesterday the adjourned debate on the motion for the third reading of Bill 88, an Act to amend the Special War Revenue Act.

Hon. RAOUL DANDURAND: Honourable senators, the debate on this Bill was adjourned at the request of my right honourable friend after I had read a statement furnished by Mr. Finlayson to the Minister of Finance. In suggesting that we adjourn the debate so that he might more closely examine the statement submitted to the House, my right honourable friend said this statement did not appear to cover his inquiry as to why the department was not applying clause 58 to companies which were not registering. I drew the attention of Mr. Finlayson to this inquiry, and he has answered as follows:

The position of the company from the United States which is at present violating the provisions of the latter Act is that before applying for Dominion registry it had obtained a licence from one of the provinces and has since obtained a licence from a second province. It has refused to comply with the conditions for registry under the Foreign Insurance Companies Act.

In the Committee on Banking and Commerce a week ago I stated the reasons why proceedings have not been taken against the company under section 58 of that Act; in the first place provincial reports available indicate no assets of the company in Canada and the company may be beyond our jurisdiction; in the second place, proceedings under the Foreign Insurance Companies Act would be made more difficult by the existence of the apparent conflict between that section and section 16 of the Special War Revenue Act, seeing that the former Act makes Dominion registry an essential pre-requisite to the transaction of business in Canada, while the latter Act gives at least some recognition to a provincial licence in the absence of Dominion registry.

While on my feet I may draw the attention of the Senate to a statement contained in the

memorandum concerning the decision of the Privy Council. It is as follows:

In the decision of the Privy Council on the Insurance Reference in 1931 it is stated:

"Their Lordships have no doubt that the Dominion Parliament might pass an Act forbidding aliens to enter Canada or forbidding them so to enter to engage in any business without a licence, and further they might furnish rules for their conduct while in Canada, requiring them, e.g., to report at stated intervals," and legislation having such a prohibition as its object should not on that ground be open to attack. The decision later states that a tax linked up with an object which is illegal must fall.

Honourable members will realize that their Lordships are not closing the door against the application of the authority or jurisdiction of the Dominion Parliament, but are simply saying what the Dominion Parliament might do. The authority of the Dominion Parliament was not challenged and absolutely set aside by the decision. All the Privy Council did was to say that the legislation as it appeared in the reference failed in its form.

With that decision in view, the Department of Justice had to consider under what form the Parliament of Canada could exercise its constitutional powers. The department was very intent upon doing nothing that would go counter to the letter and spirit of that decision. In framing the Act which was adopted by Parliament it surrounded itself with all possible safeguards, and secured as counsel one of the most learned men on the subject of our constitutional rights, Hon. Mr. Rowell. The question is: Will the Act stand the test of the courts? The Department of Justice thinks it will. That opinion is stated in the letter written by Mr. Edwards, Deputy Minister of Justice, to Mr. Ilsley, which I read yesterday, as follows:

Ottawa, June 4, 1941

Dear Mr. Ilsley,

Referring to your telephone conversation with me, I beg to advise you that in the opinion of this Department the Foreign Insurance Companies Act, 1932, is valid legislation of the Parliament of Canada, and that it is within the competence of Parliament to amend subsection 1 of section 16 of the Special War Revenue Act, as enacted by section 1 of chapter 54 of the statutes of 1932 by striking out the words "or of any province thereof" in the fourteenth line thereof.

Yours faithfully,

W. Stuart Edwards

D.M.J.

The Honourable J. L. Ilsley, K.C.,
Minister of Finance,
Ottawa.

The Government has done everything possible to make sure that our action is *intra vires*. In these circumstances, and since the

Hon. Mr. DANDURAND.

Minister has declared officially that section 4 will be submitted to the Supreme Court, I urge that the Senate should pass the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, I think we should seriously consider this taxation measure, in so far as we have a constitutional right to do so, particularly because it affects insurance, and the insurance law of Canada is really the creation of this House, that is, to the extent that any law is the creation of the House which initiates it. I have moved an amendment merely to this effect, that two sections, one of which is challenged as to its constitutionality by Ontario and New Brunswick and which as a consequence the Minister of Finance has undertaken on behalf of the Government to submit to the Supreme Court of Canada, shall not go into effect until the Supreme Court hands down its decision. That is the whole effect of my amendment. One would think it was not difficult to accept.

Let me first of all clear up two or three things referred to in Mr. Finlayson's memorandum. Mr. Finlayson seemed bent upon correcting some dates which I gave here the other night. As I was speaking I had reference to a supplement to the *Sirois* report, and in glancing at this as it lay on my desk I may have misread a date. I believe the supplement was prepared in part, if not altogether, by an honourable member of this House, the honourable gentleman from De Salaberry (Hon. Mr. Gouin), and if I had quoted exactly the figures appearing there I should have been right. It does not matter a whit that I was wrong on one date, and I do not know that the slip was worth correcting. The Reciprocal Insurance case was decided in 1924, as Mr. Finlayson says. Then, giving the impression that my dates were a mass of errors, he goes on to correct me in this way:

The Insurance case arising out of the reference by the province of Quebec was decided in 1931, not 1923.

I did not say it was decided in 1923, and I do not know why he ascribed that date to me. I said, as can be seen by anyone reading my remarks, that the legislation impugned was passed in 1923.

He then seeks to correct me as to the date of the Act which exempts Lloyd's from obligations thereunder, and he says it was passed in 1934, not 1932. It is true that the exemption of Lloyd's was done in 1934, but the Act—that is the Foreign Insurance Companies Act, which I was describing—was passed in 1932. I had something to do with that.

I pass now to Mr. Finlayson's statement that the Boston Mutual did not apply for a federal licence. It may be, though I cannot

speak of my own knowledge, that he is right in saying this. However, my information, which comes from Mr. Evan Gray, the company's solicitor, is that an application was made and refused. The company may not have applied formally, but he stated definitely to me that it had sought to get a federal licence, and was refused for the reason that under its constitution, similar to that of the factory mutuals, it could not comply with our Act by making in Canada a deposit applicable only to the protection of Canadian policyholders. Its deposit had to be for the protection of all its policyholders. The company did not set out to defy Canadian law; its constitution simply prevented it from complying with our Act. And it could not come under the special provisions which we had made applicable to the factory mutuals, because these provisions described the companies as fire companies, and this is not a fire company. All this I explained before, and I pass now from Mr. Finlayson's memorandum.

Let me see if I can get the situation clearly before the House. We have legislation prohibiting any foreign or British company—for, in the eyes of our law, a British company is an alien—from doing business in Canada unless it has a federal licence. But we made an exception of Lloyd's, by permitting them to come in and do business on a provincial licence, without requiring them to make a deposit in compliance with the federal law, for the reason that under their constitution they too are prevented from restricting their Canadian deposit to the protection of Canadian policyholders only; and for the additional reason that Lloyd's solidity, which took root and gathered strength over centuries, was such that we could not with sincerity say it was necessary to require of them a deposit applicable to Canadian policyholders only, in order to be sure that such policyholders would be paid in case of loss. We could not honestly question that Lloyd's were responsible and would pay any just claim.

Hon. Mr. EULER: A policyholder might have to sue in Great Britain, though.

Right Hon. Mr. MEIGHEN: No. That is all provided for. He can sue here. If Lloyd's refused to pay after a policyholder got judgment, I do not know just what would happen. But there never has been a case. We were either right or wrong in exempting Lloyd's. They have a huge business, not only in Great Britain and on the continent of Europe, but all over the world, and we made an exception in their case because it was quite impossible for them to restrict their Canadian deposit to the protection of Canadian policyholders. But, as an indication of good faith,

Lloyd's to-day keep very large deposits in Canada. These sums do not come within the purview of our Insurance Act, but they would be exigible under execution of any judgment obtained by a Canadian. This is aside from the point, and I mention it only because the exception granted to Lloyd's, which I think was quite right and necessary, has been dragged into this memorandum. After all, the object of our insurance law is not to erect a great structure and place the control of everything under the charge of someone, no matter how able, honest and efficient. It is for no other purpose than to afford such reasonable protection to Canadian insurers as Parliament deems wise.

Hon. Mr. DANDURAND: But it should be remembered that the Canadian insurers are paying 10 per cent, while Lloyd's escape the tax. This represents a considerable sum on the millions of dollars of insurance they have accepted.

Right Hon. Mr. MEIGHEN: The leader of the House gets impatient. My principal object in rising is to distinguish between the taxation feature and the doing-business feature. It is the first I am still dealing with. I shall come to the second, and I have very clear views on it, and I do not think they will be far from those of the leader of the House.

Now our law prohibits any company doing business unless it has a federal licence. We enacted it, believing we had power to do so under our jurisdiction in respect of aliens, and I argued before this House that it was within our constitutional rights.

Hon. Mr. DANDURAND: That is clause 58?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: I thought it carried the assent of my right honourable friend.

Right Hon. Mr. MEIGHEN: Certainly it did. I think I argued even more strongly then that we had those rights, and Mr. Finlayson was thoroughly convinced. I have not disputed that position to-day, nor have I at any time in discussing this matter.

Hon. Mr. MURDOCK: I wonder whether my right honourable friend (Right Hon. Mr. Meighen), understanding Lloyd's as he does, could tell me whether there is any truth in the statement that Lloyd's evade 75 to 80 per cent of the claims made against them; also, that Lloyd's each year canvass all magistrates and judges in Canada for their insurance. Is there anything in that?

Right Hon. Mr. MEIGHEN: I have never heard the allegation made before, and therefore I do not think there is anything in it whatever. I certainly should have heard if there were, for I am closely connected with the insurance business.

Hon. Mr. MURDOCK: I have had some experience with Lloyd's.

Right Hon. Mr. MEIGHEN: That may be, but I have not heard they are more disposed to dispute claims than are any other companies in the insurance business. We are in constant competition with them. They are not allies, they are competitors, and indeed the most aggressive and threatening of any.

Hon. Mr. MURDOCK: After the judge in my case said Lloyd's should pay, they sent me a cheque, which I cashed. Three or four days later the bank told me it had been dishonoured.

Right Hon. Mr. MEIGHEN: I have respect for the honourable senator. All I can say is that there must be something wrong. Lloyd's cheques are not dishonoured.

Hon. Mr. MURDOCK: There is 75 to 80 per cent evasion of payment of claims.

Right Hon. Mr. MEIGHEN: If that were the case, they could not continue to do business.

Hon. Mr. MURDOCK: They do it at 20 per cent less than any other company.

Right Hon. Mr. MEIGHEN: I hold no brief for Lloyd's. If one may refer to one's personal responsibilities, I would say theirs is just as aggressive and efficient competition as one could fear in the insurance field.

I return to a discussion of clause 58. Please keep this in mind. At the time all insurance companies doing business here which by their constitution could comply with our federal law were willing and eager to do so. They said: "We want federal supervision. We find it helps us in our business." Only those who by their constitution could not apply stayed out. Therefore we felt somewhat freer in passing this legislation. We did not do it over the protest of anybody. We assume that the legislation is valid. It is not now impugned. I do not want anyone to understand me as expressing with any air of finality the opinion that it will not be overturned by a Privy Council decision. I would not go so far, but I assume for all purposes here that it is valid.

The question is why it is not enforced if practical enforcement is one of the objects of this Bill, as Mr. Finlayson says it is. His memorandum read to-day deals with that,

Hon. Mr. MURDOCK.

if I caught it correctly. His memorandum in yesterday's Hansard says nothing on the point. The purport of the answer is that these people, not being Canadians, may be beyond the jurisdiction of our courts. Well, I am not at all in doubt as to why the explanation comes so late: that is because it is so poor.

Hon. Mr. DANDURAND: But it came in the Banking and Commerce Committee.

Right Hon. Mr. MEIGHEN: In the other House?

Hon. Mr. DANDURAND: No; in our committee.

Right Hon. Mr. MEIGHEN: Why, any company doing business in Canada under provincial licence has to have its legal representative here under the provincial law. He can be served, and process served upon him is service upon the company in any action whatever. If this law is good, the Government of Canada can take action in the courts of Quebec or Ontario, or, I presume, in the Exchequer Court, and ask for an injunction restraining the company from doing business. Will any lawyer here suggest the Government cannot take such action against a company doing business in defiance of a federal statute? Is the company not reachable? Of course it is reachable. But, though it has been doing business since 1934, no action has been taken or attempted. We all know Mr. Finlayson. He is not a weak or subservient official; he is not pliant in the hands of anybody. His attitude towards a company that defies the law of Canada in respect of insurance is the lion's attitude against an aggressor. Has anyone in his mind any reason why action is not taken? Suppose Mr. Finlayson took action solely for the fine, not for a mandamus, and got judgment for \$5,000. Does anyone think that company could continue doing business in Canada?

Hon. Mr. DANDURAND: He gives the reason in his memorandum. I cannot go beyond it.

Right Hon. Mr. MEIGHEN: I will read it so that we may get it exactly. He says:

In the Committee on Banking and Commerce a week ago I stated the reasons why proceedings have not been taken against the company under section 58 of that Act; in the first place provincial reports available indicate no assets of the company in Canada and the company may be beyond our jurisdiction; in the second place, proceedings under the Foreign Insurance Companies Act would be made more difficult by the existence of the apparent conflict between that section and section 16 of the Special War Revenue Act, seeing that the former Act makes Dominion registry an essential pre-requisite to the transaction of business in Canada, while the

latter Act gives at least some recognition to a provincial licence in the absence of Dominion registry.

I do not think Mr. Finlayson is very much worried that in a legal action against a company for definitely violating section 58 of our Foreign Insurance Companies Act he might have difficulty because another statute, the Special War Revenue Act, implies that the company may have a provincial licence. The Insurance Act stands by itself, and the section is manifest, clear, mandatory, containing no exception whatever.

"There is nothing left, then, but the first reason. He says the company has no assets in Canada and may be beyond our jurisdiction. Whether it has any assets or not, it must answer to a writ of mandamus. And if it is ordered to discontinue business, it must do so, or everyone here doing business for it becomes liable to imprisonment. He says the company is beyond our jurisdiction. In what respect? If it does any business in Canada, that act is within the purview of our law. The mandamus applies at once; the law is upheld, and you get judgment. Can any company continue to do business in Canada with unsatisfied judgment against it? Of course it cannot. Imagine an insurance company trying to do business under those conditions! It is absurd. It could not get business. Furthermore, what kind of time would its officers have? No; that is not the reason why this company has not been prosecuted.

Perhaps this has something to do with it. True, the Justice Department writes: "We are of opinion this Act is sound."

Hon. Mr. DANDURAND: We have done our best to try to make it so.

Right Hon. Mr. MEIGHEN: That is the opinion the department gave us in 1932, and there is no reason for changing it. There has been no decision since. But I have in my mind a grave question as to whether the department is very sure; otherwise I should have no explanation at all for no action being taken against a straight, manifest violation of the law.

Hon. Mr. DANDURAND: Did my right honourable friend entertain any doubt in 1932?

Right Hon. Mr. MEIGHEN: No. I think a strong case can be made in support of the Act, but I can see where a very strong argument can be made to the contrary. And it is afraid to meet that. Yes, in the Reciprocal Insurers' case the Privy Council said that properly-worded legislation can prevent aliens from entering Canada for business purposes, and so on, and we accept that as final

law. But Their Lordships added: "If in your statute preventing aliens from doing business in Canada you specify the particular business, and you thereby seek to effect a purpose more important and paramount, you usurp a provincial field. If the other purpose appears from the general terms of the legislation, the whole piece of legislation being regarded as the paramount object, then, even though you may debar aliens, you cannot do it for the purpose of effecting this Act." That will be the argument made against the clause, and he would indeed be a brave counsel who would feel absolutely sure on the point.

All this is not so very important, because it is not that clause which will be submitted to the Privy Council. It is another clause. It is a clause in our Special War Revenue Bill, which strikes out of the Act the words "or from any province of Canada." The effect is that any company coming within the whole range of that section doing business in this Dominion without a federal licence renders its customers liable to a tax of 10 per cent on the premiums paid that company. If it has a provincial licence, they will be liable after this legislation is enacted. Up to now they have not been. So far as taxes were concerned it was deemed to be entitled to do business the same as a company having a federal licence. Now, if it has a provincial licence, we say, "You will have to pay the tax."

Before I go further I call attention to this, though, that the previous amendment provided for in this Bill has the effect of exempting Lloyd's from the tax. I hope the House will keep that in mind. If it were not for the previous amendment, every concern doing business in Canada without a federal licence would have to pay the tax. Now, it seems to me that the first amendment, alongside the second, will lend great colour to the argument that this is an attempt to shut out provincial companies, because it is not general taxation. In reality and in fact it aims at only one little company, and the total tax you will get is only \$400 or \$500. But you exempt the whole range of companies known as Lloyd's, doing an enormous business and in just the same position.

Hon. Mr. DANDURAND: Do they escape under section 58?

Right Hon. Mr. MEIGHEN: Do not get the two things mixed up. Taxation is one thing; the right to do business is another. Now, when you pass a law and you wish to tell the court that it is tax legislation, it must have the earmarks of tax legislation. This is not tax legislation. It exempts far

more than it taxes. I think I should be safe in saying that the tax on Lloyd's business in Canada would be hundreds of times the \$400 odd that will come out of this little company. So it is by no means certain that Ontario and New Brunswick are not right. If they are, surely it is inequitable to frighten off the customers of this company and put it out of business; and that is what you are going to do. You are going to tell its customers: "Here, you are paying to this company money on which you may be taxed 10 per cent if this Bill is held valid." Under such circumstances will the company get many customers between now and the time when the decision of the court is rendered? I think not. You are doing this company a very great injustice. It is a small concern as regards its business in Canada. As I say, you are doing it an injustice. Is there any need of that? Why not hold the operation of this measure in suspense until the courts say whether it is valid or not?

Now let me say a word on the necessity of distinguishing between an insurance law and a taxation law. They are entirely different things. When we exempted Lloyd's from putting up deposits, we did so, rightly or wrongly, on the ground that the object of requiring deposits in Canada did not apply to Lloyd's; that, Lloyd's having done business over the centuries, and having a constitution which of necessity is world-wide in its applicability, they could not make deposits applicable to only one end of the world.

Hon. Mr. PATERSON: Would the right honourable gentleman just tell the House what Lloyd's are?

Right Hon. Mr. MEIGHEN: I do not know that I can. I should like to be able to do so. Lloyd's are an organization of insurers in various units, with a central unit in a certain street in London where the whole idea of this class of insurance took form about two centuries ago. The principle of operation is this. There is an apportionment of risk in accordance with the total accepted by the underwriter. The risk is spread over all the various units of Lloyd's; A underwrites £1,000, B £15,000, C some other amount, and so on, until the whole sum is underwritten. That is the principle of operation. You can see from what I have already said that it would not be practicable for an organization of such class and character to have deposits applicable only to insurance in certain parts.

Hon. Mr. PATERSON: Does the right honourable gentleman understand that the deposits constitute membership?

Right Hon. Mr. MEIGHEN.

Right Hon. Mr. MEIGHEN: Oh, yes. To be a member of Lloyd's one has to contribute one's share to the great central assets of the organization, which are answerable for all liabilities in all parts of the world.

We had to decide whether we would permit Lloyd's to do business in this country or not, and we felt that we could not in a serious mood say we must have a special deposit applicable here, because since the birth of Lloyd's there has been no judgment against them that has not been paid. That was demonstrated before the committee. That is one thing. But taxation is something different. If it is true, as I am inclined to think it is, that companies not resident in Canada, and therefore not subject to our special income and corporation tax laws, may be in a favourable position to reach out for business in the Dominion, we should have no hesitation in taxing them; and the best way to tax them is to tax their customers. And that is the way it has been done.

As I view the situation, there is no objection at all to taxing Lloyd's customers. I do not see how they can plead for exemption, especially if we are taxing the customers of the factory mutuals on the ground that we cannot reach the companies under our regular taxation laws, and must reach them under other laws. If we reach all alike, no court can say our enactments are not tax legislation. Clearly they would be. As advised at present, I feel certain it is proper taxation and should apply generally to all companies which invade the field, or to their customers. I think I have made myself plain. I am not pleading for any exemption; I am pleading against it. If we are in the taxation sphere now and are deciding what is the right thing to do in the matter of, and for the purpose of, taxation, we should make our law apply to everybody in that sphere of business.

Hon. A. L. BEAUBIEN: The right honourable gentleman would tax Lloyd's, then.

Right Hon. Mr. MEIGHEN: Yes. I do not see how you can justify exempting them.

Hon. Mr. DANDURAND: Tax them on the insurance?

Right Hon. Mr. MEIGHEN: On the insurance. As I recall it, that is the way we are taxing the factory mutuals. How else can we do it? Is it not proper? But I warn the Government against putting through a special law which hits at a small volume of business out of which it gets \$400.

Hon. Mr. DANDURAND: It is not a question of dollars; it is a question of principle.

Right Hon. Mr. MEIGHEN: Do you not think the courts will quickly tell you that you are not taxing to get \$400 or \$500? Will they not say your object is to secure a convenient weapon by which you can shut out this company which has not a federal licence? It seems to me I could predict the attitude of the courts right off. I shall not try to erect myself as a legal arbitrator, but may I say this? Your first clause imperils your second. Your exemption of Lloyd's imperils your taxation of this other company. Make your taxation general and you will achieve something. You will be able to tell the courts with a straight face that your object is to get money and the taxation, all the way through, is just. Then the other side will not be able to say your object is to hit at a company which has not a federal licence.

I do not think I am unreasonable in asking that this measure be postponed until we secure a decision. It seems to me the Government might well consider putting this measure into such form that it will be taxation law and will have no other purpose than taxation.

Hon. Mr. DANDURAND: My right honourable friend has not put his motion.

Right Hon. Mr. MEIGHEN: If I did not do so the other day, I shall do so now. I gave the amendment to the Clerk.

Hon. Mr. DANDURAND: It has not been read.

Right Hon. Mr. MEIGHEN: I handed it to the Clerk.

Hon. Mr. EULER: Why is it not possible for this small company to take out a federal licence?

Right Hon. Mr. MEIGHEN: Because it is in the nature of a mutual company; it is not in the fire insurance business. If it were a fire company it could come in. Mr. Evan Gray informed me it tried to do so.

Hon. Mr. DANDURAND: Has my right honourable friend a copy of his motion?

Right Hon. Mr. MEIGHEN: I have not got it here. I handed it to the Clerk. It must be in Hansard, because I read it.

Hon. Mr. DANDURAND: Then His Honour the Speaker can read it from Hansard.

Right Hon. Mr. MEIGHEN: Here is the motion. It appears at page 209 of Hansard, prefaced by the words, "I therefore move." So I do not need to move it again. It is:

That this Bill be not now read a third time, but that it be amended by adding the following as section 29 thereof:

Sections 3 and 4 of this Act shall not come into effect until proclamation by the Governor in Council, and such proclamation shall not be issued until section 4 of this Act shall have been submitted to the Supreme Court of Canada for the purpose of having the judgment of the said Court on the constitutionality of said section 4, and said judgment has been given.

Only section 4 needs to be submitted; but of course the Government does not want section 3 unless section 4 is upheld.

The Hon. the SPEAKER: The question, honourable senators, is on the motion for the third reading of Bill 88, an Act to amend the Special War Revenue Act, to which it is moved in amendment—

Some Hon. SENATORS: Dispense!

Hon. Mr. DANDURAND: Honourable senators, this amendment comes before us, I suggest, as a result of the official statement of the Minister of Finance, which I conveyed to this House, that these two clauses would be submitted to the Supreme Court.

Right Hon. Mr. MEIGHEN: Only section 4 needs to be submitted.

Hon. Mr. DANDURAND: Section 4 is to be submitted to the Supreme Court, by reference. The Superintendent of Insurance told us in committee he was convinced that no collections could be made under sections 3 and 4 before next March, when returns would come in from the insurance companies, and that by that time a judgment would be obtained from the Supreme Court.

We now have an amendment which seeks to suspend the operation of section 4 pending the delivery of judgment. I should have little hesitancy in agreeing to that amendment if this were not a money bill and if the object of section 4 were not the levying of taxation. My right honourable friend has dilated on the fact that this is a taxation measure. I fear that to vote for the amendment would be to invade the rights of the House of Commons in the taxation field, because if the amendment were adopted the tax contemplated by section 4 might not be collectable as early as it otherwise would. I am quite clear that the Senate has no right to interfere with a bill which provides ways and means of meeting expenditure by the Government. That is my view of the amendment, but, as I do not know how the other House would look upon it, I have no objection to its being adopted here and sent over there for consideration. At all events that House will know what the Senate's opinion is. I do not mean that the amendment would represent the Senate's unanimous

opinion, for some senators, including myself, have felt we should be satisfied with the statement of the Minister of Finance. If we agreed to his proposal, no collections would be made under these sections pending judgment by the court, and the sections themselves would not be suspended.

Right Hon. Mr. MEIGHEN: Honourable members, another issue has arisen. I appreciate the attitude of the honourable leader of the House (Hon. Mr. Dandurand), and am very glad he has taken it. What I say now is only said so that the other House and the Government may give it what consideration it is worth. It is true that as a matter of practice we do not amend money bills, and it is clear that this is a money bill. I do not admit that we have not the right to amend money bills. In fact, if my memory is correct, the Senate committee which studied this subject found that this House was not restrained at all in its powers to amend any bill, and that the only restraint applying to us and not to the other House is that a money bill cannot be introduced here. Nevertheless, I take the position I have always taken, that, regardless of our legal rights, we should be unwise to interfere with money bills by amendment. We have, of course, the right to defeat money bills, if we so choose, but we should be very careful in exercising that right. I can conceive of cases where it ought to be exercised. But in this case we are really not amending a money bill at all. That we have the right to postpone operation of any money bill, if we think postponement is in the public interest and we choose so to do, there is no question. Then we surely have the right to postpone operation of a small part of a money bill.

Hon. Mr. EULER: It would affect the revenue, though.

Right Hon. Mr. MEIGHEN: No, it would not.

Hon. Mr. EULER: If you suspend the operation of the two sections, you cannot collect the revenue.

Right Hon. Mr. MEIGHEN: If the two sections are proclaimed, they take effect from the date set out in the Bill.

Hon. Mr. EULER: Then they would be retroactive.

Right Hon. Mr. MEIGHEN: The various sections of the Bill take effect from the respective dates specified. We are not amending a money bill in the sense of invading rights of the House of Commons in respect

Hon. Mr. DANDURAND.

of taxation, for the amendment merely seeks a postponement of the two sections. That is my first point.

There is another point, which I should like the Government to take into account particularly. If this amendment is not passed, a very serious injury will be done to a company with which perhaps we have no right to interfere at all.

Hon. Mr. DANDURAND: My right honourable friend has already dilated on that point.

Right Hon. Mr. MEIGHEN: The company's customers would at once shy away. I know that is what I should do if I were a customer.

Hon. Mr. DANDURAND: I am not ready to admit that in adopting this amendment we should not be touching a clause whose object is the levying of taxation, whatever the amount, whether it be one dollar or a million dollars. But since we have discussed the matter to this point, I am agreeable to leaving it to the Commons to decide whether they will agree to the amendment.

Hon. L. COTE: Honourable senators, may I just add a few words? The other day the honourable leader of the Government (Hon. Mr. Dandurand) challenged our right to amend the Unemployment Insurance Act. That gave me an opportunity of perusing some of the material on our constitutional powers. I have read the report which on May 9, 1918, was presented to the Senate by the special committee under the chairmanship of Senator W. B. Ross. It seems to me it would be worth while to place this report on Hansard, because I believe it is good to be reminded now and then, not of our disabilities or incompetence, but of our rights. The report is as follows:

The special committee appointed to consider the question of determining what are the rights of the Senate in matters of financial legislation, and whether under the provisions of the British North America Act, 1867, it is permissible, and to what extent, or forbidden, for the Senate to amend a bill embodying financial clauses (money bill), have the honour to make their second report, as follows:

Your committee beg to report that in the latter part of the last session of Parliament a similar committee was appointed, but owing to the late date of appointment opportunity was not afforded the committee for a full consideration of the order of reference. During the recess the Honourable W. B. Ross, a member of this committee, prepared a memorandum dealing with the question, copy hereto attached, which memorandum has been carefully considered and adopted by this committee. The following summing up thereof is submitted as the conclusions of your committee on the rights of the Senate in matters of financial legislation:

1. That the Senate of Canada has and always had since it was created the power to amend bills originating in the Commons appropriating

any part of the revenue or imposing a tax by reducing the amounts therein, but has not the right to increase the same without the consent of the Crown.

2. That this power was given as an essential part of the Confederation contract.

3. That the practice of the Imperial Houses of Parliament in respect of money bills is no part of the Constitution of the Dominion of Canada.

4. That the Senate in the past has repeatedly amended so-called money bills, in some cases without protest from the Commons, while in other cases the bills were allowed to pass, the Commons protesting or claiming that the Senate could not amend a money bill.

5. That Rule 78 of the House of Commons of Canada, claiming for that body powers and privileges in connection with money bills, identical with those of the Imperial House of Commons, is unwarranted under the provisions of the British North America Act, 1867.

6. That the Senate, as shown by the British North America Act, as well as by the discussion in the Canadian Legislature on the Quebec Resolutions, in addition to its general powers and duties, is specially empowered to safeguard the rights of the provincial organizations.

7. That besides general legislation, there are questions such as provincial subsidies, public lands in the Western Provinces, and the rights of the provinces in connection with pending railway legislation and the adjustment of the rights of the provinces thereunder, likely to arise at any time, and it is important that the powers of the Senate relating thereto be thoroughly understood.

Your committee are indebted to Messieurs Eugene Lafleur, K.C., Aimé Geoffrion, K.C., and John S. Ewart, K.C., prominent constitutional authorities, of Montreal and Ottawa, who have been good enough to forward their views on the question under consideration by your committee. These opinions are appended hereto and form part of the committee's report.

All of which is respectfully submitted.

W. B. Ross,
Chairman.

This report upholds the view that the Senate has a right to amend a money bill, provided that in so doing it does not increase a tax. Of course, the second part of that proposition would be admitted by all, for if we do increase a tax we immediately run foul of the Constitution, which says:

Bills for appropriating any part of the public revenue or for imposing any tax or impost, shall originate in the House of Commons.

But, frankly, if our amendment is simply for reduction of the rate of taxation imposed, or for postponement of the application of a tax, I see nothing in the Constitution—nor could the drafters of the report of May 9, 1918, see anything there—which would preclude the Senate from putting through such an amendment. After all, an amendment for reduction of a tax is a rejection pro tanto of a bill; in this case a rejection, if it is a rejection, of a very small part of a bill. I think it is

admitted by everyone, by members of the House of Commons and members of this House, that a money bill, like every other bill, must be read three times in the Senate before it is passed, and if we exercise our privilege not to read it we reject the bill. So there can be absolutely no doubt in anyone's mind that the Senate has the right to reject a money bill.

This year we have had before us a number of money bills: the Succession Duty Bill, the Special Revenue War Bill, the Excise Bill, the Income War Tax Bill, and the Customs Tariff Bill. Although I quite admit it would be unwise for the Senate to throw out any such bills, it has the right to do so. That right cannot be challenged. My argument is that if we have the right to reject a whole bill, we have the right to reject a part of it.

Against my contention I have heard it argued that by rejecting one section of a money bill we should be disturbing the incidence of taxation; in other words, that we should be exempting a certain class, in this case one company, from a tax, and that in order to carry on the business of the country it would become necessary for the Commons to impose an equivalent tax on somebody else. It strikes me that that argument is not a sound one. If it were sound it would prevent us from rejecting a money bill in toto, because it could be argued with equal force that once the Senate had passed four money bills its rejection of a fifth would disturb the incidence of taxation. If that argument cannot be applied to a bill or a series of bills, surely it has no strength when applied to one section of one bill, or, in fact, to any such bill as the one now before us. The Special War Revenue Act is made up of a number of sections, each of which could have formed the subject of a separate bill, and we could have thrown out one of the series.

What we are doing to-day—with the consent of the leader of the House, I appreciate—is nothing new. I have not been in the Senate for many years, but twice within my recollection we have amended an Income War Tax bill. In 1935 our amendment reduced the taxation on gifts. As I recall it, that bill contained a stipulation that gifts of a greater value than \$4,000 were subject to taxation. We amended that to provide that only the value in excess of \$4,000 should be taxed. Our amendment was accepted by the Commons, and there was no recrimination. I admit that more recently, when we amended an Income Tax bill, the Minister of Justice from his seat in the other House said he would accept it under protest. I know that

the Commons have laid down rules granting themselves special privileges over money bills, but surely such rules cannot constitute the law of the land. In this instance, with a certain degree of grace, they might again accept our amendment and then register their protest.

The amendment of Right Hon. Mr. Meighen was agreed to.

Hon. Mr. DANDURAND: We are now at the third reading of Bill 88. I would suggest that we suspend the third reading and take up Bill 101, in order to consolidate it with this Bill.

On the Order:

Third reading of Bill 101, an Act to amend the Special War Revenue Act.—Hon. Mr. Dandurand.

Hon. Mr. EULER: Honourable senators, I move:

That the Bill be not now read a third time, but that Bills 88 and 101 be consolidated as follows:

To subsection 3 of section 80 of the Special War Revenue Act, as enacted by clause 8 of Bill 88, add the following (being the proviso contained in Bill 101):

Provided, however, that the foregoing exemption shall not extend to the goods mentioned in paragraph 2 of Schedule II to this Act when used in the manufacturing of the goods mentioned in paragraphs 2 and 8 of Schedule I to this Act.

And that Bill 101 be not further proceeded with.

The motion was agreed to.

The Hon. the SPEAKER: Honourable senators, the question is now on the motion for the third reading of Bill 88 as amended and consolidated with Bill 101. Is it your pleasure to adopt the motion?

The motion was agreed to, and Bill 88 as amended was read the third time, and passed.

INCOME WAR TAX BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 87, an Act to amend the Income War Tax Act.

He said: Honourable senators, when this Bill was before us yesterday my right honourable friend (Right Hon. Mr. Meighen) asked for certain information concerning sections 4 and 29. In response to my request the Commissioner of Income Tax has sent me the following memorandum:

Re Section 4 (m):

This definition removes the limitation of \$14,000 on earned income, which formerly was the maximum amount of such income recognized for the purposes of the Act, as all income in excess of \$14,000, irrespective of its nature, was treated as investment income.

Hon. Mr. COTE.

The previous definition limiting earned income to a maximum of \$14,000 was an artificial statutory definition which was not true to fact. It was decided to remove the artificiality and adhere to the common acceptance of what is earned income and what is investment income.

The proposed amendment brings the law in line with the facts.

The rate on investment income is altered from a graduated rate commencing at 2 per cent on such income exceeding \$5,000 and rising to 10 per cent on such income exceeding \$200,000, to a flat rate of 4 per cent.

The new rates of tax on all income, as contained in section 1 of the Bill, have been graduated so steeply that they take care of the ability-to-pay basis so far as graduation is concerned. It was therefore felt that investment income should bear an additional tax, but not an additional graduated tax, so the flat 4 per cent rate is imposed in respect of purely investment income, without exemption, beyond the usual marital status exemption.

Re Section 29:

This section makes taxable a gift to the wife or husband or to a minor child of the taxpayer, which formerly was not subject to gift tax.

It was formerly not subject to gift tax because, although the transfer was actually made, the income from the property transferred continued to be taxed in the hands of the donor and it was not intended to also impose a gift tax.

A gift from a husband to a wife, or vice versa, or to a minor child, is a succession of property and now that there has been introduced a Succession Duty Act the need for the exemption from gift tax no longer exists, for if on such a transfer the gift tax is now paid it will be the equivalent of paying a succession duty. The same gift would be subject to succession duty if the gift were made within three years of death, but the succession duty payable would be reduced by the amount of the gift tax already paid. Hence the reason for the enactment of section 29, which in effect imposes a gift tax on the transfer of property, which heretofore did not exist, and the gift tax paid is to be a credit against any subsequent succession duty which may become payable in respect of the property so transferred.

With these explanations I move the third reading of the Bill.

Right Hon. ARTHUR MEIGHEN: Honourable members, the explanation as to the gift tax is entirely satisfactory. I quite see the equity and wisdom of the tax. I understand, of course, that the \$1,000 exemption still remains.

I understand Mr. Elliott's interpretation of the law regarding section 4. There is no doubt that the \$14,000 maximum of salary exempted from the special tax because it was salary and not investment income was arbitrary. But I object to any distinction being made as to income from whatever source. I think it is fundamentally wrong and grossly unjust. The unfairness was modified a little by the

\$14,000 limitation which previously applied, even though it was arbitrary. Now the unfairness is worse than ever. To say that a man who has saved something and is living on the income from his earnings, however small that income may be, should be taxed more than a person who is drawing \$50,000 as general manager of a bank, or \$100,000 for running a pulp mill—well, the justice of such discrimination simply cannot be comprehended. There is no defence for it whatever, and I urge upon the Government the striking out of that very unfair, iniquitous and indefensible distinction.

Hon. Mr. DANDURAND: I think I am repeating for the second or third time that this legislation is always subject to review because of difficulty of interpretation on the part of a certain number of persons affected by an enactment. The Minister of Finance has expressed a desire to remove any valid objection that may be raised, and so from year to year to improve the Bill, if it becomes necessary to do so.

Hon. Mr. EULER: Honourable senators, I can see some point in the objection of my right honourable friend, but I cannot go with him all the way. For example, compare the case of a man who has inherited wealth upon which he receives a return with the case of a man who receives a substantial salary. I think some consideration should be given to the man who has really earned his income by his own efforts, as compared with the man who has inherited his wealth and has done nothing whatsoever to earn the return which he gets from his investments. I think it is quite fair to make a distinction in such cases.

Right Hon. Mr. MEIGHEN: I do not deny the justice, in general, of the observations of my honourable friend, but, on the other hand, the person who inherits has made a great sacrifice of capital in the form of succession duty.

Hon. Mr. EULER: He did not earn it.

Right Hon. Mr. MEIGHEN: I know. But if you do away with the right to provide for your children, you are doing away with a great part of what is worth while in life. I would not object at all to this super-tax being made applicable to everybody, but I object to placing the fellow with a fancy salary in a class above the fellow who has earned his way in life and has, by his own thrift, obtained something to live on.

The motion was agreed to, and the Bill was read the third time, and passed.

LABOUR DEPARTMENT BILL

THIRD READING

Hon. Mr. DANDURAND moved the third reading of Bill 100, an Act to amend the Labour Department Act.

Hon. J. A. CALDER: Honourable members, I have had time to secure the information I desired in relation to this Bill, and there is no reason, so far as I am concerned, why it should not get third reading. I tried to make it clear yesterday that I had no objection whatever to the person appointed to the position now being created. I desire also to make it quite clear that so far as the Labour Department, or any other department which requires assistance at this time, is concerned, I think it should get that assistance without any question and at whatever cost is necessary.

The objection I had to the measure was that it created a new position in the public service. A further objection which I have now is that it does not in any way at all define the duties or responsibilities of the position. I have taken the trouble to go through the Estimates of all the departments, and I have found in no other department a position comparable to the one being created by this Bill, which, if I remember correctly, is that of "Associate Deputy Minister."

I am not going to worry the House with the details of the set-up in all departments. I have selected just three and have made a list of the chief officers responsible for their administration. I think every honourable member will agree that I have selected representative departments—departments which are very large, which perform a multiplicity of duties, and therefore require huge staffs, as compared with the one we are considering at the present time. Bear in mind that I am dealing only with administrative officers, high up in the service, who get salaries ranging from \$8,000 to \$12,000 a year. Many officials under them are receiving amounts varying from \$3,000 to \$6,000 or \$7,000, or in some cases even \$10,000, but they are not included among the executive officials. In the Department of Finance I find two men who are in this category: the Deputy Minister, who receives \$12,000 a year, and the Assistant Deputy Minister, at \$6,300. All others are of lower rank. In the Department of Agriculture, which is enormous, and which has a great variety of very necessary and very important work to do, we have a Deputy Minister at \$10,000 a year, an Assistant Deputy Minister at \$5,100, and a General Executive Assistant at \$5,400. Just here I may say that the position of Assistant Deputy Minister is quite

usual throughout the departments, though not universal, and in many departments there are General Executive Assistants who receive salaries of from \$4,500 to, say, \$5,500. In the Public Works Department—we all know that department and the work it covers—I find there are two, and only two, officials administering its work: the Deputy Minister, who receives \$10,000 a year, and an Assistant Deputy Minister at \$4,620. From this it will be seen that there are two men in the Finance Department at a cost of \$18,300 a year; three in the Department of Agriculture at a cost of \$20,500, and two in the Department of Public Works at a cost of \$14,620. I do not wish to mislead the House in any way. There are many other important officials who receive amounts varying, as I have said, from \$3,000 to \$5,000 or \$6,000, or even \$10,000; but they are not executive officials in the sense in which I am applying the term.

On turning to the Labour Department I find in the current Estimates provision for a Deputy Minister at \$10,000, an Associate Deputy Minister at \$9,000, an Assistant Deputy Minister at \$5,220, and a General Executive Assistant at \$4,200—a total of \$28,420.

Right Hon. Mr. MEIGHEN: And a retired Deputy at \$4,000.

Hon. Mr. CALDER: That is to say, the administrative force in the Labour Department as provided for in the Estimates this year will cost \$28,420 as against \$18,000 odd for the Finance Department, \$20,500 for the Department of Agriculture, and \$14,620 for the Department of Public Works.

I am merely stating this to give the House a view of the situation in the three departments I have referred to—a situation which is typical of that in other departments. I do not in any sense mean to imply that the Department of Labour should not in the present situation spend \$28,000 for administrative work. It is quite possible that at the present time the situation is such that the expenditure is fully justified, and that even further expenditure may be necessary. I trust I have made myself clear in that respect.

My whole point has been that there is always danger in creating new positions of this character. What is the meaning of "Associate Deputy Minister?" Is he a Deputy Minister? Has he all the power and responsibility of a Deputy Minister? Is this going to be a permanent position? If so, I fear—and I think my fear is justified, because I have had a long association, extending over many years, with the public service, both as a member of that service and as a Minister of the Crown—

Hon. Mr. CALDER.

that once a step of this kind is taken it will be used as a precedent for similar appointments in other departments in the future. Any honourable member of this House who has had experience of administrative work over a long period of years knows the attitude of the heads of departments, and is aware of the danger of creating such positions.

I have only this to add. In passing this Bill we are simply ratifying what has already been done, for the appointment has been made. The salary of this official is shown in the Estimates, and I have no doubt at all that it has been paid. This being so, we are somewhat late, and there is nothing we can do at the present time to help the situation. The Government has decided what it wants, and it has now obtained what it wants. Quite possibly there are reasons why such an appointment should be made at this time. I understand—and everybody seems to agree on this—that in the Department of Labour we have a very fine Deputy Minister, a man of excellent qualifications who is doing excellent work, but whom we are likely to lose. Perhaps this measure is being enacted at this time merely for the purpose of holding a man who is a credit to his office. I do hope, however, that at the next session of Parliament this new high office will disappear from the public service; otherwise, I feel bound to say that the chances are that within the next ten years we shall have in Canada many Associate Deputy Ministers who will not be required at all.

Right Hon. ARTHUR MEIGHEN: Honourable members, in case there is not another opportunity, I want to make a suggestion to the Government. It really has not much to do with this Bill.

I understand that the Government is continuing to make advances in connection with the housing scheme. We have advanced some millions for that purpose. I never was enthusiastic about the project—far from it—but the purpose of it was said to be to help furnish employment during the depression years. To-day, in view of the war and the general scarcity of men, I cannot imagine why the Government continues the expenditure on this scheme. It seems to me it should have stopped it long ago.

Hon. Mr. DANDURAND: The right honourable gentleman refers to—

Right Hon. Mr. MEIGHEN: The housing programme and the advances made under it. I know that certain companies would like to see the plan continued, but in my view it is not in the national interest to continue it

now, when throughout the country we are making use of all sorts of toy schemes and displays to raise money. Every house built to-day absorbs labour and makes it more difficult for anyone to get rid of the house he has. We want to conserve our energies, reduce expenditures, and do everything we can to be thrifty in the matter of exchange, so that we may have funds for war purposes. This being so, I cannot imagine why this building scheme is continued.

Hon. Mr. DANDURAND: I thought the amount to be voted had passed its maximum—

Right Hon. Mr. MEIGHEN: That does not matter. Cut it out altogether.

Hon. Mr. DANDURAND: —and I do not know whether there is a continuation of house building for the people who gather in certain districts where war work is going on. I shall ask the Minister of Finance to give me a statement.

Right Hon. Mr. MEIGHEN: It does not matter whether there is a continuation or not. The scheme was wrong ab initio. It brings the Government into a field where it has no business whatever to be. It is taking the place of private initiative.

Hon. Mr. EULER: There is some compensation in the fact that the exemption on building material has been removed.

Right Hon. Mr. MEIGHEN: Oh, no. It is bad policy.

The motion was agreed to, and the Bill was read the third time, and passed.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

MOTION FOR THIRD READING POSTPONED

Hon. Mr. DANDURAND: Honourable senators, the only item remaining on our Order Paper is for the third reading of Bill 98, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1941, to provide for the refunding of financial obligations and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company. I am quite sure that there would not be time for us to pass this Bill by six o'clock. Is it the wish of honourable members that we should sit this evening, or adjourn until to-morrow morning?

Right Hon. Mr. MEIGHEN: If we have enough work to warrant it, I am quite prepared to meet in the morning.

Hon. Mr. DANDURAND: We shall have Bill 98 to work upon. I do not know what may come over from the other House in the meantime. I am told there are two bills of very little consequence, and the Ministers say these will not cause any criticism. If we met to-morrow morning at, say, half past eleven, we could deal with Bill 98, and then be in a position to know what to expect from the other House.

Right Hon. Mr. MEIGHEN: That will be all right.

The Senate adjourned until to-morrow at 11.30 a.m.

THE SENATE

Thursday, June 12, 1941.

The Senate met at 11.30 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

WITHHOLDING OF EXEATS DISCUSSION

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN: Honourable members, some months ago I called attention to the inability of young Canadian women, eager to serve in some capacity in the auxiliary women's service of England, to get exeats from the Government of Canada to enable them to proceed overseas to fill positions already granted them, subject only to medical examination in England. I have heard nothing on the subject since, beyond receipt of a letter from the Department of External Affairs telling me about an Order in Council passed on June 4, a year ago, under which women are not permitted to go to the British Isles or the war area unless they are part of the actual military, naval or air services, or unless England is their home and it is a case of the exercise of legal compassion.

A considerable number of these eager young women have already been accepted, subject only to medical examination, and one would think it would not have been difficult to arrange with the British war services to accept medical examinations made here by doctors approved by such a body as our Pension

Board; but apparently nothing has been done. These women, many of them born in England, are extremely irked that they cannot do anything, although the auxiliary services overseas have been virtually begging them to come so that they may be accepted for work.

Now I find there has been established in the United States an air training scheme for British airmen—an event of some significance in view of our recent past. The purpose is to send back eight thousand men with the limited training they can secure in that country, such training, of course, being British. In connection with the establishment of this plan there have come to the United States a considerable number of members of the Women's Auxiliary Air Force of Britain. While they can cross the Atlantic this way for the purpose of rendering essential services to the Air Force of Britain in the United States, Canadian women are unable by any means to go to the help of their sisters in England. Can one imagine anything more preposterous?

Hon. Mr. DANDURAND: Do I understand that women from Great Britain will cross over?

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: That is quite explainable if there are too many in Great Britain.

Right Hon. Mr. MEIGHEN: What the leader of the Government says is that they would not cross over unless there were too many. I would rather say they would not cross over unless they were needed.

Hon. Mr. DANDURAND: That is an inference. But surely the United States, with 130,000,000 people—

Right Hon. Mr. MEIGHEN: But they cannot enlist in the force. The United States are not in the war.

Hon. Mr. DANDURAND: No, but the United States are receiving British airmen for training.

Right Hon. Mr. MEIGHEN: In compliance with international law they are being trained in civilian clothes, and the women's auxiliary services are needed to assist them. These members of the auxiliary services are not in the United States, but have to come from England. They come, not because they are eager to leave England, but because they are needed in the United States.

My authority for what I say is a Canadian Press dispatch dated Ottawa, May 31. It says:

Right Hon. Mr. MEIGHEN.

Fresh strength for the fighting forces has come to this continent—airmen, sailors and soldiers, and United States-bound girls of the Women's Auxiliary Air Force.

Guarded by mighty units of the British fleet, they sailed the north Atlantic while the greatest naval battle of the war was fought in those waters—the action which saw the loss of H.M.S. Hood and the avenging destruction of Germany's battleship Bismarck.

In the varied contingent of air, sea and land fighters came the first group of Royal Air Force fledglings who will be trained in the United States under the plan announced at Washington May 29 by the United States War Department.

They will be followed at intervals by other flights until 8,000 have been trained in the next year. The instruction course begins June 7.

Most of the blue-clad youths in the first group were destined for service in air crews. They did not know their destination in the United States.

Practically all the airmen were in uniform, but all had been issued with mufti, and it was indicated they would doff their uniform before entering the U.S. to conform with the international amenities.

This does seem an odd state of affairs.

Hon. Mr. EULER: May I ask the right honourable gentleman a question? Is there any indication that there is a dearth of the kind of assistance these Canadian women could give?

Right Hon. Mr. MEIGHEN: Yes. Such indication is contained in the messages which I have already reported to the House, messages from these auxiliary services telling how desirous they are of having these girls. A girl in Weyburn, whose case I have in mind now, was actually accepted, but has not been able to get out of Canada. The department is simply adhering to the letter of this Order in Council of June 4. Its terms are apparently more important than any real service.

Hon. Mr. EULER: From the fact that women were being allowed to go from England to the United States, I thought there might be a sufficiency of that kind of help in England now.

Right Hon. Mr. MEIGHEN: There has to be, and, besides, England has to send women to the United States. Why is it that we cannot at least supply the help needed in the United States and in that way save the women two trips—across the ocean and back? I presume, though, we have no means of training women here.

Hon. Mr. EULER: Is it the right honourable gentleman's suggestion that Canadian women might go to the United States?

Right Hon. Mr. MEIGHEN: Yes, if they could be trained here. I do not know whether we have any organization to train them. We might have been expected to have some such organization, but I doubt that we have. In any event, it would seem that we should allow Canadian women to go to England. So far as I know, there is no suggestion that their expenses be paid. Those I have heard of are ready to pay their own expenses if they are permitted to go.

Hon. Mr. DANDURAND: Honourable senators, I may say that my right honourable friend's inquiry was not left unanswered by the department. An answer was sent to me and I should have presented it to the House, but at the same time I received a copy of a letter from the department addressed to my right honourable friend, which covered virtually the whole situation. If my right honourable friend so desires, I can place the answer on Hansard this afternoon.

The information given by my right honourable friend is new to me. As to our furnishing any number of women to play the role that is now being played by British women by the side of British airmen who are undergoing training in the United States, I cannot understand why this could not be done if the British Government notified our Government of what was going on. I will obtain from the Hansard reporters a copy of my right honourable friend's statement and bring it to the attention of my colleagues at the Council meeting which is to be held this morning. I am surprised that the British Government or authorities on the other side have not called upon these Canadian nurses and hospital attendants, as I take them to be, who have offered to serve in England. However, as I say, the matter is new to me. I will bring an answer to my right honourable friend this afternoon.

WAR EQUIPMENT PRODUCTION IN CANADA—ATTITUDE OF BRITISH FIRMS INQUIRY

Right Hon. ARTHUR MEIGHEN: Honourable senators, on the first of April, which is quite a while ago, I gave notice that I should

... inquire of the Government whether representations of any kind were made, prior to the evacuation of Dunkirk, by the Canadian Government to the British Government in respect of refusal, reluctance or delay of British firms to supply necessary plans, specifications or other essential data to Canadian firms, to be used in the production of war equipment or munitions of any kind.

That inquiry, it will be observed, applies only to representations, if any, made by the Canadian Government to the British Government as respects certain conduct complained of, on the part of British firms.

Hon. Mr. DANDURAND: But my right honourable friend made a motion.

Right Hon. Mr. MEIGHEN: I made a motion on the subsequent day as follows:

That an Order of the Senate do issue for a copy of all representations, letters, documents, telegrams, or other communications, passing, prior to the evacuation of Dunkirk, from the Canadian Government to the British Government, with respect in any way to the refusal, reluctance or delay of British firms to supply necessary plans, specifications or other essential data to Canadian firms, to be used in the production of war equipment or munitions of any kind.

Again I emphasize that the motion, which passed this House, calls only for production of documents, telegrams or letters passing from the Canadian Government to the British Government. No return has been produced in response to this Order of the House.

Hon. Mr. DANDURAND: I may say that for the last two weeks, at least, I have had before me the statement which that motion called for, but from day to day I have deferred presenting it to the House, because we have been very busy on important matters coming from the Commons. However, my conscience was at peace, since I had submitted to my right honourable friend the statement itself, which he read in my own room. Incidentally, this explains why one evening we were fifteen minutes late in taking our seats. I will produce the answer this afternoon at three o'clock.

Right Hon. Mr. MEIGHEN: I want my honourable friend to be a little fairer than that. Never did he show to me anything which was in any respect—

Hon. Mr. DANDURAND: We may discuss that this afternoon.

Right Hon. Mr. MEIGHEN: I do not care to let the discussion appear in Hansard in this incomplete form. Never did he show to me anything which was in any respect either an answer to my inquiry or a response by the Government to the motion which passed this House. He showed me some communication, written, I think, by the Prime Minister, from the Canadian Government to the British Government, telling how we should be prepared to make war products, that Canada had the facilities, and so on. This had nothing at all to do with the point, and I told my honourable friend so at the time. First of all, I asked whether or not any complaint was ever made to the British Government

with regard to alleged misconduct of certain British firms in refusing to supply essential data to Canadian firms. I have never been able to get an answer as to whether or not any such complaint was made. I ventured the opinion then that there never was any, because there never had been any misconduct as alleged.

Hon. Mr. DANDURAND: Could my right honourable friend not wait for the answer?

Right Hon. Mr. MEIGHEN: I know what it is.

Hon. Mr. DANDURAND: But the Senate has not got the answer.

Right Hon. Mr. MEIGHEN: The Senate is entitled to an answer to its own motion, and what I saw in my honourable friend's room was not an answer at all.

Hon. Mr. DANDURAND: My right honourable friend prejudices the question when he knows I have a statement to make to the Senate this afternoon. Meanwhile I should like to attend Council and try to obtain an answer to my right honourable friend's first query.

CANADIAN NATIONAL RAILWAYS FINANCING AND GUARANTEE BILL

THIRD READING

Hon. RAOUL DANDURAND moved the third reading of Bill 98, an Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1941, to provide for the refunding of financial obligations and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

He said: Honourable senators, when this Bill was before us yesterday my right honourable friend (Right Hon. Mr. Meighen) requested certain information under two heads. First, he desired to have a detailed statement covering paragraph (b) of section 2, which reads as follows:

(b) Additions and betterments, including coordination and acquisition of real or personal property, not exceeding \$20,036,206 estimated as follows:—

General additions and betterments..	\$15,691,257
Less: Equipment retirements.....	2,069,257

\$13,622,000

My right honourable friend stated he was interested in knowing how much money was going into the terminals at Montreal. I told him that \$17,000,000 had been spent up to 1931, when the work was suspended. When, in 1937 or 1938, the work was resumed,

Right Hon. Mr. MEIGHEN.

the Canadian National Railways carried it on as a modified programme entailing an expenditure of some \$12,000,000. At the time my right honourable friend feared that that \$12,000,000 was but an estimate and that the expenditure would run to a very much larger amount. I think he will be happy to find that his fears have not been realized—

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: —that we have remained within the \$12,000,000 and all that is now needed is \$2,000,000.

I have under my hand a short statement together with the figures. It reads as follows:

The completion of the Montreal terminal development of the Canadian National Railways on the modified scale is fully justified. A thorough examination of the situation has been made by the Standing Committee of the House of Commons on Railways and Shipping at its meetings. The work has now progressed to a point where, apart from commitments already made, the expenditure required to complete the project is approximately \$2,000,000. The terminal will be opened next year.

Briefly, the situation is as follows:

Total expenditures and commitments as of May 1, 1941.....	\$27,296,000
Estimated balance to complete....	2,005,000

These two amounts total \$29,000,000 odd, which includes the \$17,000,000 expended up to 1931, when the work was stopped.

Right Hon. Mr. MEIGHEN: That is substantially more than what the honourable leader has given already.

Hon. Mr. DANDURAND: No.

Right Hon. Mr. MEIGHEN: Yes. Read the figures again, please.

Hon. Mr. DANDURAND: Very well.

Briefly, the situation is as follows:

Total expenditures and commitments as of May 1, 1941.....	\$27,296,000
-----------------------------------------------------------	--------------

That includes the earlier expenditure of \$17,000,000 which I have already mentioned.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. DANDURAND: The statement continues:

Estimated balance to complete....	\$ 2,005,000
-----------------------------------	--------------

Right Hon. Mr. MEIGHEN: Was the estimated balance exactly \$2,000,000? It seems to me my honourable friend read a different figure at first. I do not know which is right.

Hon. Mr. DANDURAND: No. I read as follows:

The work has now progressed to a point where—

Right Hon. Mr. MEIGHEN: Is it \$2,500,000 or \$2,005,000?

Hon. Mr. DANDURAND: The figure is \$2,005,000. Here are the details of the expenditure:

Expenditure by calendar years on Montreal Terminals development under authority of Montreal Terminals Act, 1929, and estimated cost to complete project under revised plan

Expenditure under original plan—		
1929.....	\$ 1,795,864 44	
1930.....	6,818,632 87	
1931.....	6,022,380 07	
1932.....	1,499,515 63	
		\$16,136,393 01
Expenditure during lay-off period—		
1933.....	244,664 39	
1934.....	49,328 42	
1935.....	78,830 40	
1936.....	21,482 78	
1937.....	50,295 94	
1938.....	70,350 68	
		514,952 61
Total expenditure under original plan.....		\$16,651,345 62
Estimated expenditure under revised plan—		
1939 actual.....	2,174,590 82	
1940.....	3,599,075 82	
1941 (estimated requirements).....	4,100,000 00	
1942 (estimated requirements).....	343,000 00	
		10,216,666 64
Estimated total Canadian National Railways capital cost under revised plan.....		\$26,868,012 26
The above does not include the following contributions by the Dominion Government for unemployment relief:		
Fiscal year 1938-39 expenditures under Vote No. 631....	30,449 52	
Fiscal year 1939-40 expenditures under Vote No. 586....	1,500,000 00	
		\$ 1,530,449 52
Estimated sundry charges to operating expenses.....		902,538 22
Total estimated expenditure to complete.....		\$29,301,000 00

These details show that the figures which the Canadian National Railways officials had given to the committee of the House of Commons were not erroneous and that the expenditure has been kept strictly within the estimate. There is now required to finish the work \$2,000,000.

I have also under my hand the following notes with respect to Canadian National Railways Financing and Guarantee Act, 1941:

Section 2(b).—This section, which has been discussed and passed in sub-committee as part of the C.N.R. 1941 budget, gives the railway company authority to make expenditures totalling \$20,036,206 for additions and betterments, purchase of equipment, and acquisition of securities, as follows:

General additions and betterments	
Atlantic region.....	\$ 3,341,533
Central region.....	3,215,306
Western region.....	2,770,223
Grand Trunk Western Railroad..	708,609
Central Vermont Railway, Inc...	169,221
Hotels.....	121,500
Montreal Terminals development.	4,100,000
Prince Edward Island car ferry and terminals.....	27,650
Subsidiary companies.....	444,030
General, including additions and betterments to equipment.....	793,185
	\$15,691,257
Less: Equipment retirements....	2,069,257
	\$13,622,000

NEW EQUIPMENT PURCHASES

Canadian National Railways—

Freight Cars: 125 ore cars; 100 overhead refrigerator cars; 250 70-ton triple hopper cars; 200 52' flat cars; 150 Hart cars.

Passenger Cars: 25 air-conditioned first-class coaches; 7 steel mail and baggage cars; 28 second-class coaches.

Grand Trunk Western Railroad Company—

Locomotives: 25 locomotives.

Freight Cars: 200 50' auto cars; 100 50' box cars; 100 flat cars; 200 gondola cars.

Total estimated cost, including sales tax and inspection charges..... \$13,270,206

Less: Available from Depreciation Reserve 7,200,000

Net..... \$ 6,070,206

CANADIAN NATIONAL RAILWAYS BUDGET FOR YEAR 1941

ACQUISITION OF SECURITIES

Toronto Terminals Railway Company, joint with the Canadian Pacific Railway Company—

Provision for Canadian National Railways' proportion of capital expenditures of the Toronto Terminals Railway Company, which may be required in 1941..... \$100,000

Northern Alberta Railways Company, joint with the Canadian Pacific Railway Company—

Provision for Canadian National Railways' proportion of capital expenditures of the Northern Alberta Railways Company, which may be required in 1941.....	100,000
Chicago and Western Indiana Railroad Company—	
Advance to be made to the Chicago and Western Indiana Railroad Company, under terms of Fourth Supplemental Indenture dated as of March 1, 1936, between that company and the Bankers' Trust Company—\$131,800 (say).....	132,000
Atlantic and St. Lawrence Railroad Company—	
Provision for approximate amount required to purchase 155 currency shares of the Atlantic & St. Lawrence Railroad Company, which are outstanding in the hands of the public.....	12,000
Grand Total.....	\$344,000

I think that covers all the details asked for by my right honourable friend with regard to subsection (b) of section 2 of the Bill.

My right honourable friend has asked also for an explanation of clause 11, "Contribution to Intercolonial and Prince Edward Island Railways Employees' Provident Fund." The money paid to this fund used to be included in the sum voted annually by Parliament to cover deficits, and authority for payment was given to the Canadian National Railways in express terms in the deficit vote. As there is no deficit vote this year, authority is given by the Bill.

I draw the attention of my right honourable friend to chapter 47 of the session of 1940, where in vote No. 459, under the title of "Deficits, Canadian National Railway Company," there is a statement giving authority similar to that to be found in clause 11 of the Bill before us. This statement reads:

Amount required to provide for the payment during the fiscal year 1940-41 to the Canadian National Railway company (hereinafter called the National Company) upon applications approved by the Minister of Transport, made from time to time by the National Company, to the Minister of Finance and to be applied by the National Company in payment of the deficit (certified by the auditors of the National Company) arising in the calendar year 1940, including such supplementary contribution to the Intercolonial and Prince Edward Island Railways Employees' Provident Fund as may be necessary to provide for payment in full of monthly allowances under the provisions of the Intercolonial and Prince Edward Island Railways Employees' Provident Fund Act, notwithstanding the limitation contained in section four of the said Act, and including such supplementary contribution to the Grand Trunk Railway of Canada Superannuation and Provident Fund as may be necessary to enable payment to be made of monthly allowances under the rules and regulations of the Fund, notwithstanding the limitation contained in section thirteen of chapter sixty-five of the Statutes of Canada, 1874.

Hon. Mr. DANDURAND.

I have before me a statement of the yearly expenditures of the Canadian National Railways to provide for the deficit in the superannuation funds of the two companies, the Intercolonial and the Grand Trunk.

Contribution of \$100,000 to the Grand Trunk Railway of Canada Superannuation and Provident Fund, included with C.N.R. deficit appropriation.

This contribution was first granted in the year 1936 and has remained at the same figure annually since that date.

Right Hon. Mr. MEIGHEN: What is the figure?

Hon. Mr. DANDURAND: \$100,000 a year. I thought I had a statement giving the yearly expenditure under these two heads. It must be on my table. For a number of years, during the two regimes, probably from 1930 to 1935, there was an expenditure of a more or less fixed amount from year to year in regard to these deficits. That covers the Grand Trunk.

Two courses were apparently open for consideration; first, reduction in the scale of pensions to conform with the new reduced value of the fund, and, secondly, some method of obtaining temporary assistance to carry on until such time as property values had re-established themselves. The depressed conditions at the time were considered to be of a temporary nature and the railway company was therefore approached for assistance in order to maintain the fund.

On January 21, 1936, at a meeting of the railway trustees, a minute was passed granting such assistance, temporarily, with the proviso that any residue of funds remaining after the termination of the last pension would accrue to the railway company, and a further proviso that control of the association would also be turned over to the railway. These conditions have been duly carried out by the association.

The depression of property values still exists and, for the meantime, the Government is obliged to continue affording aid to this fund.

Copy of minute of C.N.R. trustees of January 21, 1936, attached.

As to the Canadian National Railway Company I have a copy of a minute of the trustee of the National Railways of January 21, 1936. It says:

The position of the Grand Trunk Railway of Canada Superannuation and Provident Fund Association was again discussed and the chairman informed the meeting of the correspondence he had had with the Minister of Railways on the subject.

It was decided that the committee of management of the association be informed, in answer to its letter to the President dated December 13 last, that the company will include an item in its Financing Bill for 1936 so as to authorize the company to assist the fund with cash aid to meet the immediate requirements of the fund in an amount to be determined by the company, on the understanding that the association shall clarify its rules to make it clear that any residue of funds remaining after the termina-

tion of the last pension shall accrue to the company, and to provide that members of the committee of management nominated by the company shall constitute a majority of the committee.

It was further decided that the amount to be included in the Financing Bill, as aforesaid, be determined by the chairman.

I wish I had under my hand the statement of payments made annually for a number of years. If I bring it to the House this afternoon in order to show what the expenditure under these two heads has been, my right honourable friend will perhaps be satisfied with this explanation.

Right Hon. ARTHUR MEIGHEN: I cannot even put on an appearance of much satisfaction.

I shall deal first with the last matter discussed. Apparently ever since 1936, that year included, the Canadian National Railways has placed in its estimates a figure of \$100,000 to supplement the pension fund for the old Grand Trunk officials and employees, and this amount has been voted by Parliament. Of course this House would have virtually no say about it at all, because the vote came to us in the form of a money bill. But this year, to avoid anything in the nature of a vote, a clause providing for the payment of whatever deficit there may be in respect of this fund is quietly inserted in a Bill.

Hon. Mr. DANDURAND: Because there is no deficit vote.

Right Hon. Mr. MEIGHEN: Because the items, if put in, would have to appear in a deficit vote. It does not very much matter whether it is done by an estimate or otherwise, except that when it is done by an estimate we know the amount and it appears in our record, whereas now it does not.

There is no information to show either that this vote is justified or that it is not. It may be justified. I do not know. We in this House have certainly treated that railway company with generosity, and it never has had cause to complain of the people of Canada, though it has, through some of its officials, made most unworthy and ignoble claims and complaints. If the company has established a fund to which we are making contributions on a certain basis, Parliament is, I think, entitled to know why that fund cannot stand on its own feet. "To supplement the fund" is a very fine phrase, but is this really a grant of \$100,000 a year to these former Grand Trunk officials?

Hon. Mr. DANDURAND: If the Grand Trunk was obligated to supplement that fund, we are obligated.

Right Hon. Mr. MEIGHEN: True. We have taken over the company's obligations. But the honourable leader will see that the vote, commencing with 1936, and the terms of this Bill, provide that payment may be made notwithstanding the limitation contained in an Act of Parliament. This, to my mind, indicates that we are not obligated at all; indeed, that we have to set aside a law in order to make payment. If we are setting aside a law in order to pay, why not go to the rescue of all other pension funds in Canada? If there is obligation I shall be the last to complain, no matter how difficult our situation; but we have nothing before us to show that there is, or ever was. The indications, though not conclusive, are that this is just a grant to a certain section of our people, and, I should think it probable, to many who are not our people at all.

As regards the Prince Edward Island affair, the amount is probably very much smaller, and it is likely that those who get the benefit would be in Canada. Objection to this would not apply with the same force as in respect of the Grand Trunk item.

Certainly there is no information at all before the House to show why we have some special obligation to a certain pension fund when we apparently have no legal obligation. We do not assume a special obligation to any other pension funds or towards many people who have worked just as long as these have.

Hon. Mr. EULER: How long has that been paid?

Right Hon. Mr. MEIGHEN: Since 1936.

Hon. Mr. DANDURAND: There were payments anterior to that. I did not know my right honourable friend wanted to go into the merits of the payment, inasmuch as the expenditure is a regular one that we have been making from year to year.

Right Hon. Mr. MEIGHEN: There were payments anterior to 1936? That was not the information in the statement read by the honourable leader. It said payment commenced in 1936.

As respects the Canadian National's terminal in Montreal, not much need be said. I do not think the honourable leader (Hon. Mr. Dandurand) should be quite so sure that the expenditures are within the \$12,000,000 estimate.

Hon. Mr. DANDURAND: Oh, yes.

Right Hon. Mr. MEIGHEN: No. The expenditures are far beyond this, even on my honourable friend's own figures. He gave

figures of over \$16,000,000, which included upkeep of the property during the period when nothing was going on; that is, after 1931.

Hon. Mr. DANDURAND: Yes.

Right Hon. Mr. MEIGHEN: First of all, I do not know why so much money was needed to maintain a hole. For it was nothing but a hole.

Hon. Mr. DANDURAND: There was much more than that. There had been \$17,000,000 expended.

Right Hon. Mr. MEIGHEN: Not on construction.

Hon. Mr. DANDURAND: Yes, partly on construction.

Right Hon. Mr. MEIGHEN: I saw it. It did not amount to much.

Hon. Mr. MORAUD: It was mostly for expropriations.

Right Hon. Mr. MEIGHEN: It was a hole, a ghastly hole. I cannot see why so much money was needed to look after a hole.

Hon. Mr. HUGESSEN: There was a great deal of construction as well. The right honourable gentleman has forgotten that two bridges were built: one over Guy street and one over Mountain street. And there was the elevation of tracks between the Lachine Canal and Point St. Charles.

Right Hon. Mr. MEIGHEN: That may have been incidental to the terminal, but was not part of it.

Hon. Mr. HUGESSEN: It was part of the whole development.

Right Hon. Mr. MEIGHEN: But not part of the terminal.

Hon. Mr. HUGESSEN: It is part of this vote.

Right Hon. Mr. MEIGHEN: I should presume that upkeep of the bridges would not be included in the cost of the terminal. Were they not used?

Hon. Mr. HUGESSEN: Yes, they have been used for the past ten years.

Right Hon. Mr. MEIGHEN: What was all this money spent for? One year it amounted to \$70,000.

Hon. Mr. DANDURAND: During the years of the suspension, from 1933 to 1938, the annual amounts were, in round figures, \$244,000, \$49,000, \$78,000, \$21,000, \$50,000 and \$70,000, the total being \$514,000.

Right Hon. Mr. MEIGHEN: That cannot apply to the bridges, because they were in operation.

Right Hon. Mr. MEIGHEN.

Hon. Mr. DANDURAND: That is the expenditure during the lay-off.

Right Hon. Mr. MEIGHEN: But why would the expenditure run to such figures? And why should they vary so much?

Hon. Mr. DANDURAND: My right honourable friend must not forget that the lay-off period, when these expenditures were made, includes 1933 to 1935. Surely he does not want me to justify the action of his own Government.

Right Hon. Mr. MEIGHEN: Would my honourable friend please read the figures again for each year?

Hon. Mr. DANDURAND: The largest expenditure was my right honourable friend's own child. That was in 1933, amounting to \$244,000. In 1934 it was \$49,000; in 1935, \$78,000; in 1936, which was under the present regime, the expenditure fell to \$21,000; in 1937 it went up to \$50,000, and in 1938 to \$70,000. There must be a fairly good explanation of the expenditures for the last three years, since they were less than those for the period when my right honourable friend's Government was responsible.

Right Hon. Mr. MEIGHEN: I cannot see why it took so much money.

Hon. Mr. DANDURAND: My right honourable friend will have to explain.

The motion was agreed to, and the Bill was read the third time, and passed.

SENATE AND HOUSE OF COMMONS BILL

FIRST READING

A message was received from the House of Commons with Bill 102, an Act to amend the Senate and House of Commons Act.

The Bill was read the first time.

SECOND READING

The Hon. the SPEAKER: When shall this Bill be read the second time?

Hon. Mr. DANDURAND: With leave of the House, I move second reading now. This is a very short amendment to the Senate and House of Commons Act, chapter 147 of the Revised Statutes of Canada. Section 12 of the Act reads:

Nothing shall render ineligible, as aforesaid, any person serving in the naval or military forces of Canada, or in any other of the naval or military forces of the Crown, while such forces are on active service in consequence of any war, and receiving salary, pay or allowance as a member of such forces while on such active service.

This Bill adds the words "air forces," so as to provide that service in any of the three forces shall not render any person ineligible as a member of Parliament. The section as amended would read:

Nothing shall render ineligible, as aforesaid, any person serving in the naval, military or air forces of Canada, or in any other of the naval, military or air forces of the Crown, while such forces are on active service in consequence of any war, and receiving salary, pay or allowance as a member of such forces while on such active service.

I understand that two or three honourable members of the other House are at present serving in the air force.

The Bill also provides:

This Act shall be deemed to have come into force on the tenth day of September, one thousand nine hundred and thirty-nine.

It is made retroactive, to cover the whole of the present war.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved, with leave, the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

At one o'clock the Senate took recess.

The Senate resumed at 3.15 p.m.

CONTRIBUTIONS TO RAILWAY EMPLOYEES' PROVIDENT FUNDS—WITHHOLDING OF EXEATS—WAR EQUIPMENT PRODUCTION

DISCUSSION

Hon. RAOUL DANDURAND: Honourable members, I promised to submit a statement of contributions to cover deficits in superannuation funds. I intimated that the old Grand Trunk Railway of Canada's superannuation and provident fund was receiving \$100,000 a year, and that on the demise of the last pensioner whatever remained in the fund would revert to the State.

As to contributions to offset deficits in the Intercolonial and Prince Edward Island Railways Employees' Provident Fund, I am somewhat hesitant to indicate the extent of our contributions. I do not know how long we shall have to carry the load, but it has been a very heavy one. In this connection I desire to place on Hansard the following statement:

14879-17

DEPARTMENT OF TRANSPORT

Statement showing special contributions by the railway by years to offset deficit in Intercolonial and Prince Edward Island Railways Employees' Provident Fund.

Year	Amount
1925.....	\$ 72,251 44
1926.....	319,395 06
1927.....	379,104 68
1928.....	428,320 17
1929.....	471,897 04
1930.....	555,627 40
1931.....	696,783 11
1932.....	902,475 26
1933.....	1,070,349 11
1934.....	1,137,785 98
1935.....	1,191,232 19
1936.....	1,249,105 78
1937.....	1,265,528 02
1938.....	1,313,092 60
1939.....	1,372,433 35
1940.....	1,443,511 05

\$13,868,892 24

As honourable members will notice, the contributions have increased steadily year by year. I do not know when, on the basis of mortality tables, we may expect a decrease. Since 1925 our contributions to the fund have reached a total of more than \$13,000,000. No doubt my right honourable friend will observe that during his term of office contributions to the provident fund continued to increase.

Right Hon. Mr. MEIGHEN: You had better call it the improvident fund.

Hon. Mr. MURDOCK: I should like to call the attention of my right honourable friend opposite (Right Hon. Mr. Meighen) to one concrete cause in connection with the enormous deficits in the pension fund. I think he will find in the city of Toronto one of the healthiest, busiest and most prosperous lawyers absorbing about \$6,000 a year from the contribution covering these enormous deficits.

Right Hon. Mr. MEIGHEN: Maybe we had better reduce the contribution by that amount.

Hon. Mr. DANDURAND: This morning I informed the House that I had in my office a statement in answer to an inquiry by my right honourable friend. The answer should have been brought down earlier. I delayed it because I happened to receive a copy of a letter which the department concerned had addressed to him, and which conveyed the same information, though perhaps in a more concise form. This is the statement:

Shortly before adjournment on April 3 the Right Hon. Mr. Meighen raised the question of Canadian women not being permitted to go to the United Kingdom to take part in war work. I intimated that I should endeavour to give him some information on the subject.

The decision not to permit women to go overseas, except in special cases, was taken on June 4, 1940, and is incorporated in an Order in Council of that date, P. C. 2371. The order provides that women, other than women engaged or employed in the Armed Forces or the Public Service of Canada, and children under the age of twelve years, are prohibited from travelling to countries in the European war zone. The Secretary of State for External Affairs is authorized, however, to grant exemption in special cases involving hardship.

The Order in Council, it may be noted, was based on the very similar Order in Council of February 20, 1917, passed when the difficulties and dangers of travel across the Atlantic and the growing problem of food supplies in Great Britain made it advisable to put a stop to the movement of women and children to Britain.

The present Order in Council was passed at the instance of the Canadian military authorities and on representations from the Canadian High Commissioner in London. It was passed at a time when the occupation of the Low Countries and Northern France by the enemy greatly increased the strain on shipping, the danger of travel in the Atlantic, and the problem of food supplies and housing accommodation in Great Britain itself. There was also another consideration, and that a very important one, namely, the desire to avoid the situation which arose at the close of the last war when the presence in the United Kingdom of considerable numbers of Canadian women who had gone to be with their husbands there seriously delayed the repatriation of Canadian troops. I may add that the situation as regards shipping, food supplies and housing accommodation is at least as serious now as when it was deemed necessary to pass the present Order in Council, nearly a year ago.

Provision is made, as I have already indicated, for exemption in special cases where hardship is involved. Under this provision permits have been granted to two or three categories of women and children, such as those passing in transit through Canada from Australia or the Far East, women whose homes are in the United Kingdom and who have been in Canada on a brief visit, or who are without financial resources in this country. A number of permits have also been granted, at the request of the United Kingdom Government, to women who are proceeding overseas to marry British subjects domiciled in the United Kingdom and who would not be returning to Canada. Permits have also been granted to eight occupational therapists whose services were requested by the British War Office and the Department of Health for Scotland and for whom definite arrangements for employment were made in advance.

I may add that there have been a great many requests which it has not been found practicable to grant under the Order in Council, from women of all ages who desire to go to the United Kingdom to take part in war activities of various kinds. Indeed, practically all the requests for special exemption from women who desire to join their husbands or fiancés in England, state that they are competent and anxious to do various kinds of war work as canteen or munitions workers, motor drivers, or to work in nursing or in social service. Many of them, indeed, have stated that they had offers of employment from various organizations in the United Kingdom. The letters which these women have received, and which, of course, were in reply to their own inquiries, or offers to

Hon. Mr. DANDURAND.

serve, usually intimate that their services would be welcomed, but that they are invitations to present themselves for enrolment rather than definite assurances of employment.

Perhaps the largest group of women desiring to volunteer their services is that of motor drivers, of which there are, of course, many different categories. The United Kingdom authorities, who were approached on the matter, took the view, however, that it would be preferable for women to join the Women's Auxiliary Territorial Service of the British Army or the sister organizations which serve the Royal Navy, or the Royal Air Force. They indicated, however, it would be undesirable to allow women to proceed to the United Kingdom without being definitely accepted for service before departure because of the strict medical examination required, and there have been no proposals from the United Kingdom Government to recruit women for these services in Canada.

The desire of large numbers of Canadian women to do war work in the United Kingdom is recognized and appreciated by the Government. The prospect of danger or privation has in no wise deterred them from offering their services, but rather tended to stimulate them to offer to undertake any work for which there might be a need. It would surely be unwise, however, especially at this critical period in the war, to permit an added drain on shipping and housing and food resources to develop when there is no real assurance that the women would be accepted for service on arrival. Even in such cases it would not be an efficient employment of our war resources for Canadian women to be taken across the ocean to do work for which there are already women available in the United Kingdom. I should add that if the British Government wished to secure the services of competent Canadian women for war work, to meet any shortage that might develop, the Canadian Government would, of course, be quite prepared to give the matter immediate and most careful consideration.

That is the statement which I could have, and perhaps should have, brought to the Senate earlier, in reply to the inquiry of my right honourable friend. As I have already explained, I delayed doing so because I thought a fair summary of this statement was contained in the department's letter.

Now I come to the question raised by my right honourable friend with reference to a newspaper dispatch coming from—I do not remember whether it was from the United States or Great Britain.

Right Hon. Mr. MEIGHEN: It was a Canadian Press dispatch from Ottawa.

Hon. Mr. DANDURAND: I was very much interested in the question, and most desirous of learning whether British authorities had approached the Canadian Government to see if we could render assistance to the British airmen who are coming to the United States to the number, I think, of about 8,000, for a short course of training. I have been informed by the Department of External Affairs that there has been no such request or inquiry, and no communication on the subject. So

whatever has passed concerning the reception of those airmen and their feminine helpers in the United States has passed between the British Government and the Government of the United States, or British Government representatives in that country. Nothing whatever has indicated that our help would be accepted or even desirable; otherwise the Government would instantly have examined into the situation.

I come now to the Order passed by the Senate on April 3

for a copy of all representations, letters, documents, telegrams or other communications passing, prior to the evacuation of Dunkirk, from the Canadian Government to the British Government, with respect in any way to the refusal, reluctance or delay of British firms to supply necessary plans, specifications or other essential data to Canadian firms, to be used in the production of war equipment or munitions of any kind.

I have a brief statement which I should like to lay before the House. My previous statements were based upon those made in the other House by the Minister of Munitions and Supply on various occasions, and more especially on May 22, 1940, when he said:

The department is, in fact, the salesman for Canadian war materials to the governments of our allies, and is and has been doing its best to put forward Canada's potential productive capacity in a form that will attract orders.

It must be remembered that Canada's army in Britain and France, although commanded by Canadians, forms part of the British army, and has no separate lines of communication. Therefore, it is practically a necessity that our equipment be interchangeable with British equipment. This means that the armament of our troops must largely be built to British standards, and that British designs must be followed. One of our chief difficulties has been to obtain the latest British designs for mechanical equipment used by our troops in common operations. British industry has not been too willing to part with these designs, many of which represent years of study and development by private manufacturing firms.

In the last war, Canada's chief production was shell cases. We are now tooled up to produce this type of equipment far in excess of our own needs, but to date British orders have not been forthcoming in a quantity proportional to our industrial capacity.

This has been disappointing to our manufacturers, who have been building on the precedent of the last war. I can only say that this war bears little resemblance to the last one in the nature of the requirements from Canada. The fact that to date Britain and France have been satisfied to rely largely on their own production and mechanical equipment and have not been disposed to encourage Canadian production of heavy equipment to the extent of furnishing up-to-date plans and specifications, has undoubtedly prevented Canadian industry from playing its full part in mechanical warfare. I am happy to say that there are now indications that this will not continue.

That was on May 22, 1940.

14879-17½

Honourable senators will recall that a British Purchasing Mission arrived in Ottawa at the time war broke out, and that it was afterwards enlarged and transformed into the British Supply Board. The Canadian Defence Purchasing Board, subsequently the War Supply Board, and finally, after April 9, 1940, the Department of Munitions and Supply, acted as purchasing agent for the British Supply Board in Canada. Throughout the greater part of the period Mr. Howe was the responsible Minister, and his statement of May 22, 1940, was based on the experience of the boards, and later of the department for which he was responsible, in their relations with the British Purchasing Missions.

Right Hon. Mr. MEIGHEN: What is my honourable friend reading from now?

Hon. Mr. DANDURAND: This is my statement of the relations between the British authorities and British industries on the one hand and Canada on the other, through these Purchasing Missions.

The Prime Minister's telegram of June 8, 1940, to our High Commissioner, Mr. Massey, which I read to the Senate on April 3 last, covered the same ground. The Prime Minister then alluded to a cablegram which he had sent to the Prime Minister of the United Kingdom, Right Hon. Mr. Churchill, to the same effect.

As honourable senators are aware, the Government does not consider that, as a matter of practice, it is desirable in the public interest to make available communications passing between the governments of Canada and the United Kingdom, except when such communications are specifically intended for publication. For obvious reasons adherence to this general practice is considered particularly desirable in the case of communications relating to war production.

I have before me Mr. King's cablegram to Mr. Churchill of May 18, 1940—that was before Dunkirk—and Mr. Churchill's answer of June 1. I have already given my right honourable friend (Right Hon. Mr. Meighen), in his capacity as a member of the Privy Council, access to these confidential communications, and they are at his disposal. I have before me copies of the cablegrams which I passed on to him for perusal.

My right honourable friend said this morning that he had not received a precise answer to his inquiry as to what had passed between the governments concerning the negligence or the refusal of British industries in regard to furnishing plans and specifications. I emphasized the fact that these matters had to be dealt with by our purchasing office, our Supply

Board, and the Minister of Munitions and Supply. The Minister had been in contact with representatives of the British Government who were here to make purchases. Through his communications with them he had a knowledge of the stand they were taking, and he was in a position to make that statement of May 22, 1940. It was clearly substantiated by Lord Barnby, who, in a series of letters, confirmed the Minister's assertion as to "an absence of blue-prints, constant changes of design, and so forth." Lord Barnby had passed through Canada and come into contact with the Canadian industries.

I think I have made out a case which shows clearly that the Canadian Government was not complacent and that even if it appeared so, that was because it had to await the action of the British Government and British industries, who were dilatory in furnishing the Canadian Government with orders. This stand on the part of the British was, as I have said before, quite understandable. They wanted to produce as much as possible of their requirements in order to keep their own industries busy and maintain credits abroad, especially in Canada, where they were assuming large responsibilities in the matter of purchasing. I think my right honourable friend will understand the position of Mr. Howe, because this statement, which comes from Mr. Howe's department, and from himself, explains the situation from the time he met the representatives of the British Government and was in daily communication with their Purchasing Missions here concerning the very slowness with which orders were coming from the other side.

Right Hon. ARTHUR MEIGHEN: Well, my honourable friend has covered a lot of ground. I shall try to make my comments coincide with the arrangement he has adopted.

My honourable friend referred first, I think, to the Order in Council of June 4, 1940.

Hon. Mr. DANDURAND: That is on the other matter.

Right Hon. Mr. MEIGHEN: Yes. And he read a letter which was written to me by the department.

Hon. Mr. DANDURAND: No, not a letter. I read a statement covering what was written to my right honourable friend.

Right Hon. Mr. MEIGHEN: It is the same as the letter.

Hon. Mr. DANDURAND: That may be so, but I thought the letter was more concise.

Hon. Mr. DANDURAND.

Right Hon. Mr. MEIGHEN: It was almost word for word in accordance with the statement. I gave a synopsis of that letter this morning.

It was quite unnecessary to cover the whole ground. There is only one question in issue, and it is very clear: whether it was wise to restrain the movement of women to the battle area in Britain. Of course it was wise, both in the last war and in this. It had to be done. That the restriction should apply to the wives of men in the army is clear, for they cannot render sufficient service to justify the risk involved in going to England, and the consequent consumption of food and clothing there.

I have urged that exception be made, by reasonable regulation, for but one class of persons: those accepted—and they are accepted only if possessing special qualifications—for auxiliary war services in England. This class is a relatively small one. The instance I cited of a woman who was accepted had reference to a Miss Patterson, of Weyburn. Applicants are accepted subject to medical examination in England, and I suggested that the Canadian Government might reasonably intervene to see if the examination could not be made here.

The relevancy of the movement of British women to the United States is most plain. Great Britain has found it necessary to send trained women across the ocean to this side. That indicates it might have been wise for us to develop some form of auxiliary service here. We have done nothing of the kind. I do not think the honourable leader (Hon. Mr. Dandurand) intended to convey the impression that Canada would not wake up to the need for developing any war service at all unless a suggestion were received from the British Government. We are just as much interested in the result of this war as Great Britain is, and anything we can do we must do, of our own motion.

Hon. Mr. DANDURAND: Provided it does not go contrary to the views of the British Government.

Right Hon. Mr. MEIGHEN: But there has been no inquiry whatever on the part of our Government. Has the British Government ever been asked whether it would accept Canadian medical certificates, if the examining physicians were carefully selected by our Government? There has been no such inquiry. Has our Government even communicated to find out whether it would be wise to develop some corresponding auxiliary services in Canada? So far as we know, it has not.

The second matter dealt with by the honourable leader was the long list of payments to deficient pension funds of the Grand Trunk Railway and the Intercolonial and Prince Edward Island Railways. I was amazed to find that the second mentioned fund is of such tremendous magnitude.

Hon. Mr. DANDURAND: So was I.

Right Hon. Mr. MEIGHEN: We have not been given the reason why, notwithstanding the provisions of a statute, a contribution is to be made. As contributions have been made over a long period, there presumably must be a good reason. The lesson the Government ought to learn from this is that dependence cannot be placed on statistical calculations based upon the unknown. Such calculations are being relied upon for purposes of the Unemployment Insurance Act, in respect of which I foresee huge deficits. The Prime Minister of Great Britain said, in relation to another matter—but his words are far more applicable here—that by an immutable law of nature these preliminary calculations upon which expenditures are foreshadowed and based are always far too low. He gave an instance where a project that was estimated to cost \$300,000 had, when only half completed, cost \$1,500,000. In a country such as this we are going to be faced with much the same sort of calamity in respect of these unemployment insurance calculations. I do wish the Government, by dilly-dallying or any other method, could postpone the assumption of this terrific load until we are able to see some daylight through the fearful circumstances of the present time.

The third and most important subject dealt with by the honourable leader had to do with my inquiry as to whether or not representations were made to the British Government in respect of the conduct of certain British industrialists. The honourable leader read again a speech by Mr. Howe, and—a thing he does not often do—he read his own speech again.

Hon. Mr. DANDURAND: I commented upon it.

Right Hon. Mr. MEIGHEN: I remember both speeches quite well. I hope I may not be thought disrespectful if I decline to accept Mr. Howe's assurance as to a matter which undoubtedly casts a serious reflection on British industry. It is possible for him to make mistakes. I am reminded at the moment of an article I read in an Alberta paper, referring to him at a time when many of his forecasts had proved unsound and he had decided to make no more. All the article said was this: "Mr. Howe is very wise in his

declaration that after this he will not try to foretell events. Mr. Howe cannot foretell events accurately even after they have taken place."

The fact which I have tried to drive home repeatedly, but which is never referred to in any reply, is this. Canada has undoubtedly understood from the beginning of this war, and should have understood long before, that preparation in the way of manufacture of munitions and arms had to be made and that, notwithstanding any exchange situation existing at the beginning of the war or any which was likely to occur, we ought to manufacture here to the extent at least of our own needs. Of course, these munitions and arms of various kinds would have to correspond with the British types. It was our duty to engage in that manufacture with the utmost speed and on the largest possible scale, to the extent—

Hon. Mr. DUFFUS: When?

Right Hon. Mr. MEIGHEN: What does that interruption mean? I was saying that it was our duty to produce these munitions to the extent at least of our own requirements. My question was: Why was this not done? Mr. Howe replied that British industry was reluctant to supply the plans to Canadian firms. That is a very serious indictment of British industry. At the commencement of a great war in which we were participants, any reluctance or delay, or, to use the honourable leader's word, dilatoriness such as has been alleged, would be discreditable to British industry.

Hon. Mr. DANDURAND: But up to that time the British industries thought they could carry on the work themselves.

Right Hon. Mr. MEIGHEN: Suppose that is true—I am neither disputing nor supporting it—what difference does it make? What I have tried to drive home is this, that no matter what British firms thought, we had the right to provide for our own needs. If they were dilatory in furnishing us with the necessary plans, they were guilty of an offence against their own nation and against liberty—an offence for which they could never forgive themselves. That is what they are charged with by Mr. Howe.

I contended in this House when I brought the matter up before, and I contend again now, that if Mr. Howe or any other member of the Government thought his charge was true, representations should have been made at once to the British Government, which alone could call those industries to account, which alone could make them toe the line and do

their duty. Therefore I asked in Parliament whether any representations had been made as to this alleged misconduct of British industrial leaders. To this hour I have received no answer. All the talk we have had this afternoon provides none whatever. Then I moved that communications passing from the Canadian Government to the British Government with respect to this alleged attitude on the part of British firms should be produced. The Senate passed that motion. But so far nothing whatever has been produced. I hope the honourable leader of the Government (Hon. Mr. Dandurand) was not trying to have the House understand that the letter he showed me, from the Prime Minister to the British Government, made a complaint.

Hon. Mr. DANDURAND: A representation.

Right Hon. Mr. MEIGHEN: I do not know any reason in the world why it should not be disclosed. It was a proper letter, but it made no complaint at all.

Hon. Mr. DANDURAND: But what was he asking? He referred to that in his speech, which was cited.

Right Hon. Mr. MEIGHEN: Whose speech?

Hon. Mr. DANDURAND: The Prime Minister alluded to the cablegram he had sent to Mr. Churchill.

Right Hon. Mr. MEIGHEN: I saw the letter. I will never give it to the House, but I see no reason why the honourable leader cannot disclose it. I do not want honourable members to get the impression that that letter was a representation such as I say should have been made, if what Mr. Howe charged was true. It was nothing of the kind. There was nothing in it about British firms refusing to supply plans, or holding back plans, in order to get the business themselves.

As I say, my motion was passed, but no communication is produced. I asked a question: most of the session has gone by and I am still without an answer. Instead I am told there is a rule under which communications with the British Government cannot be disclosed, unless that Government gives its approval, except in cases where a communication is evidently intended to be made public.

Hon. Mr. DANDURAND: These two letters are marked "secret and confidential."

Right Hon. Mr. MEIGHEN: That may be. But do not intimate to the House that they are of the nature of a complaint to the British Government. They are nothing of the sort.

Right Hon. Mr. MEIGHEN.

I quite agree it is only right and proper that any communication passing from the British Government to this Government should not be made public without the British Government's approval. I never have asked for the disclosure of any such communication. But does that rule apply to a communication passing from the Canadian Government to the British Government? Is not our Government the judge as to whether such a communication may be disclosed? Neville Chamberlain went to Munich and made an arrangement. Immediately the Canadian Government sent a cablegram of congratulations to the British Government. Am I to understand that approval was received from the British Government before that cablegram was made public?

Hon. Mr. DANDURAND: That is a different kind of communication.

Right Hon. Mr. MEIGHEN: Perfect nonsense! It is for the Canadian Government to decide whether any communication from it to the British Government is to be published or not. There can be no hiding behind any injunction of the British Government.

Hon. Mr. DANDURAND: I differ with my right honourable friend in toto.

Right Hon. Mr. MEIGHEN: If the Canadian Government will not publish or disclose to us any communication that it ever sends, then it should stop intimating that this, that and the other thing, which can only be checked by reference to communications, has taken place. I say to the honourable leader: If you will not show us what you sent, at least tell us whether or not you sent any communication of the kind I described. But you will not tell us. You will not tell us this afternoon though you talk till six o'clock. You will never tell us whether you sent any communication complaining of the conduct of British industry. No wonder I said that in my judgment, based only on the circumstances revealed before everyone here, there never was any communication of the kind referred to.

If what Mr. Howe said was right, a complaint should have been sent to the British Government. If his statement was wrong, it never should have been made.

Hon. Mr. DANDURAND: My right honourable friend will realize that a communication marked "confidential," sent by the British Government to the Canadian Government, or by the Canadian Government to the British Government, cannot be published unless the communication in reply is also published. If there is a request for the publication of one side of a discussion, we

may say: "You have asked for a copy of our letter or cable to the Prime Minister of Great Britain. There it is." But that simply discloses our position, not the position of the Prime Minister of Great Britain, whose answer might be quite satisfactory. I think it would be unfair and unjustifiable to publish a cablegram or letter addressed confidentially to another Government without first obtaining its permission to do so.

ADJOURNMENT—BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, opinions vary as to the day and hour when our work will end. It can end only when the Supply Bill reaches us. I understand that that is the only business now before the House of Commons, but, as honourable senators are aware, certain items may provoke lengthy and unexpected discussion. So I have no alternative to moving adjournment of the Senate until 3 o'clock to-morrow afternoon. By that time we may be in a better position to judge when the Supply Bill will reach this House.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Friday, June 13, 1941.

The Senate met at 3 p.m., the Acting Speaker (Hon. James Murdock, P.C.) in the Chair.

Prayers and routine proceedings.

WITHHOLDING OF EXEATS

DISCUSSION CONCLUDED

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, I read a statement yesterday in answer to an inquiry of my right honourable friend concerning the question of exeats for Canadian women who would like to serve in Great Britain. At the conclusion of my remarks on the Order in Council prohibiting women and children from travelling to the United Kingdom except by special permission, I pointed out that if His Majesty's Government in the United Kingdom should wish to secure the services of competent Canadian women for any particular branch of war work, to meet any shortage that might develop, immediate attention would be given to the question of providing exit permits.

I am now informed that in the past week or two further information has been received respecting the need for a number of qualified women transport drivers. It has been decided, in principle, to relax the regulations somewhat to permit them to proceed overseas. Consideration is now being given to the detailed requirements it will be necessary to fulfil before women can be accepted for enrolment in United Kingdom motor transport organizations. An essential condition will be that they must be accepted for service by representatives of a United Kingdom organization or corps before leaving this country. The reason for this requirement, as the British authorities have pointed out, is that both technical and medical qualifications are high, and it would be a waste of effort for women to go to the United Kingdom only to find on arriving there that they were unable to measure up to the standards required. A further point is that applicants, if accepted, would have to give an undertaking to serve for the duration of the war, or as long as their services were required, since there is already a heavy pressure on shipping by reason of the desire of Canadian women in the United Kingdom to return to Canada.

I should perhaps add that if, in the months to come, there should be any indication from the British authorities of an urgent need for the services of qualified women in other branches of war work, consideration will be given to granting special exemption for them also.

I think this will satisfy my right honourable friend.

Right Hon. Mr. MEIGHEN: Completely. I have nothing more to ask, nor did I ask more.

Hon. CAIRINE WILSON: Honourable senators, may I say a word on this subject? I have received a number of requests from women of British birth who are eager to return to England. Most of them are qualified nurses who have letters from various hospitals and midwives' associations in the Old Country promising them work immediately upon their return. This week I had one request from a nurse and midwife. For several months these people have been wanting to go, but so far no consideration has been given to their applications. They have been long enough in Canada to have lost the right to return to Britain. They all are eager to serve, and, as far as I am able to judge, the British authorities are desirous of having them over there, where the need for people with such qualifications is greater, I should imagine, than that for transport drivers and people of that kind. I

have one letter from an occupational therapist, who is also a nurse and stenographer. She has been looking after a hostel for British children in Montreal, and ever since January has been seeking an opportunity to return to England. This woman has several letters from England stating that her services could be used over there, but so far she has been unable to obtain permission to go.

Hon. Mr. DANDURAND: I shall draw my honourable friend's remarks to the attention of the Department of External Affairs. I suggest that she write the department and send it a detailed statement.

Hon. Mrs. WILSON: That department has all these applications.

THE WAR SITUATION AND CANADA'S WAR EFFORT

STATEMENT BY THE PRIME MINISTER

Hon. RAOUL DANDURAND: I was informed at noon that the Prime Minister had given to the other House this morning a review of recent war developments and of Canada's war effort. I think we are entitled to have the Prime Minister's words placed on our own Hansard for future reference. The statement is a fairly long one. I will read only the first paragraph, to give honourable members a clear indication of the subject-matter.

Right Hon. W. L. MACKENZIE KING: Mr. Speaker, the honourable member for Rosetown-Biggart (Mr. Coldwell) on Wednesday last expressed the hope that before Parliament adjourned for the summer months I might find it possible to make a brief statement with respect to recent developments in the war situation and our own war effort. He expressed the view that such a statement might serve to strengthen the morale of the country, which, as he rightly believes, is apt to suffer when faced with severe reverses or seeming reverses such as those which have recently taken place in the Middle East. I have no hesitation whatever in saying that a true perspective of the situation should go a long way toward strengthening the national morale.

With the consent of the House I should like to make that statement at once, as in all probability either to-day or to-morrow will be the last occasion on which there will be an opportunity to make it.

Whether it is better to fight and lose, or not to fight at all, is one of the oldest questions facing military strategists confronted with an enemy of superior strength. Reverses there are bound to be, and we must not lose heart when they come.

When we recall that, up till a year ago, Britain placed her main reliance on the French forces in Syria and North Africa and on the French fleet in the Mediterranean for the protection of the common allied interests in the whole Mediterranean basin, and then reflect that a year has passed since the collapse of

Hon. CAIRINE WILSON.

France and no vital British position has yet been lost, it should give us cause, not for satisfaction certainly, but, at least, for thankfulness.

In an attempt to capture the changing phases of a world-wide war, it is obvious that the picture, if relieved by sunshine, must also be darkened by shadow. To-day there may be an encircling gloom—to-morrow there will be shafts of light.

I can but reiterate what I have previously said to this House and the people of Canada. We shall only be helping the enemy and not ourselves if we are unduly elated by temporary success, or if we are unduly downcast by temporary failure.

No thoughtful man could ever have believed that this war would be over in a few months, or won by a short, sharp thrust. From the very beginning it was obvious that the volcanic forces let loose in the world were so mighty that a long, grim struggle was inevitable. It was bound to spread from nation to nation, from ocean to ocean, and from continent to continent.

The weak, the unprotected, and the perversely neutral were obliged to fall by the wayside. The final conflict was inevitably destined to be waged between the strong.

To-day, in what may be the bitterest chapter of the battle for freedom, state discipline fights self discipline. The strongest men ever forged and hammered by a state meet on many fronts the strongest men ever tempered by the fires of liberty.

In this last chapter a few indubitable facts stand out in bold relief. The war will be won or lost, not in Africa or in Asia or in the islands of the Pacific, but in the wide waters of the Atlantic, on the shores and in the skies of Britain. The Mediterranean is but an outskirt of the city of liberty. The battlements are in the Atlantic and the English channel. Freedom falls only if Britain falls.

Let me for a moment seek to balance our advantages and our disadvantages in the air, on the land and at sea.

In the air, the balance of machine power is gradually being adjusted. Increasing numbers of Nazi bombers are being destroyed at night; British raids on German objectives have not only grown more effective, but no longer can the official silence of the usually over-eloquent German propaganda ministry hide their results from the German people.

In his Reichstag speech on May 4, Hitler was forced to promise still better weapons for next year. This statement was the first indication given to the German people that the war would not, as hitherto forecast by Hitler, be ended this year. Thus are the prophecies of the violent put to confusion by free men.

The stream of machines continues to flow. If any further evidence were needed of the growth of the British and allied air power it is to be found in aggressive activity in the Atlantic ocean, in the North Sea and in the Mediterranean. It is to be found, too, in the steady defensive activity that every day pursues its revenges against those who scatter indiscriminate murder and destruction upon British soil from the British air.

Everywhere in sky warfare a situation not yet mastered nevertheless improves from day to day.

On the sea the curve of loss has recently shown a decline. The shipping losses for May were considerably lower than they were for April. The attack of the Bismarck upon H.M.S. Hood was followed by relentless pursuit and swift retribution. The reality of British sea power remains. The catalogue of the heavy losses sustained by enemy shipping proves that, if regard is paid to the comparative available resources of tonnage, targets and striking power, the balance of effective destruction is not tilted as heavily as might appear upon the side of Germany and Italy.

Most heartening of all in the present situation is the attitude of the United States. The promises of President Roosevelt are not only being kept, they are being enlarged. The announcement by the President on April 29 that United States warships would be sent wherever the needs of hemispheric defence required their presence; the speeches of Mr. Stinson and Mr. Knox early in May, the passage by the Congress of the bill authorizing the seizure of foreign vessels in United States waters—all these were encouraging signs of stiffening opinion. But the decisive point was reached by the President in his broadcast on May 27, when he made it plain that the United States would take whatever steps were necessary to ensure the delivery of American supplies to Britain.

Mr. Roosevelt did not minimize the seriousness of the battle of the Atlantic. His statement that British shipping losses far exceeded the present combined shipbuilding capacity of Britain and the United States marks a thoroughly realistic facing of the facts.

This continent is rapidly becoming not only the arsenal of democracy, but the shipyard of the freedom of the seas. Canada has mobilized all possible resources of men, material and suitable location to build ships. American and Canadian construction have begun the race against destruction. Every ship added to the Canadian Navy helps to relieve the tremendous burden so gallantly borne by the British Navy. Every new American warship, every new Canadian warship, helps the British Navy to detect and to destroy. Every new merchant ship is a guarantee of men, machines, munitions and food.

In connection with land operations, there is nothing which can be added to the closing remarks of Mr. Churchill, made in his speech on Wednesday, June 11. If we eliminate the occupation of the Channel islands by German forces, at this time of speaking, after nearly two years of war, no enemy soldier has a foot on British soil. As Mr. Churchill said:

"If anybody had said in June last, we should to-day hold every yard of the territories for which Great Britain is responsible in the Middle East, that we should have conquered the whole Italian empire, that Egypt, Palestine and Iraq would have been successfully defended—anyone who said that would have been thought a foolish visionary. Yet that is the position at the moment".

Those briefly are the salient, they are the outstanding facts about tangible things.

As far as Canada is concerned, our own war effort in men and materials has steadily gained in momentum, in volume and in power. We are adding every day to the material and strength of the allied cause. Every month sees more Canadian troops, more Canadian sailors and more Canadian airmen added to the number of the defenders of Britain.

For some time past we have had an army corps of two divisions in the British Isles. As the Corps Commander, General McNaughton, has pointed out, they are helping to garrison the one vital citadel, the retention of which decides the war. We have made known to all the world that our forces overseas are ready to go, and that we are equally ready to have them go wherever their services may count for most. We are dispatching to Britain two additional divisions, one a third infantry division, the other an armoured division, also a tank brigade and many reinforcements. All will have been dispatched in the course of the present year. This is apart altogether from the forces we are retaining in Canada.

Ships of Canada's Navy have, as all honourable members are aware, been engaged with British ships in the coastal waters of Britain. They are now taking an increasingly important part in the defence of the Atlantic coast and in the duties of convoy on the great passage-way of the Atlantic, so vital, not only to the present of Britain, but also to the future of Canada and of the United States of America.

Canadian airmen and Canadian squadrons, as all are aware, have from the beginning been taking their part in the battle of Britain. In the Royal Canadian Air Force we have to-day 50,000 men. Every day that number is increased by graduates from the British Commonwealth Air Training Plan. The Training Plan this year will double the number of its enlistments. In Canada over fifty training schools, twenty manning depots and twenty recruiting centres are already in full operation. From this source is flowing to Britain an ever-growing stream of pilots, observers and gunners. They have crossed to Britain in thousands and will continue to cross in ever-increasing numbers.

We have recently sent from Canada to Britain one thousand radio technicians whose help has been invaluable and will be invaluable in the cleansing of the midnight air. More are following on.

We are making machines for Britain's armed forces as well as for our own. Canadian motor transport vehicles, machine guns, aircraft, corvettes, mine-sweepers, as well as shells, explosives and chemicals, are being sent in growing volume across the Atlantic. We are sending and will continue to send to Britain all the goods which ships can be found to carry. But we are not stopping there. We recognize the tremendous financial burden which the British peoples are bearing. That burden, as well, we are continuing to share in ever-increasing measure.

Without complaint our people are bearing the heaviest taxes in their history. In addition they are loaning their savings to the Government. I know that with loyal willingness they will lend and, if necessary, give, whatever is needed to strengthen and supplement the financial resources of the Government of this country. The Canadian people are performing a magnificent task. They will not fail the cause to which we have pledged our all. They are producing, and will produce to the limits of their strength and genius, the material, tangible things, without which victory cannot be won.

There remain, also, as our sure strength and shield, the intangible things of the human spirit. The will to live, and to endure every hardship that all may continue to enjoy the

blessings of freedom, is a part of Canadian character. We in Canada have a veritable passion for human brotherhood; a hatred of hate; an intolerance of intolerance. Ours is the unshaken and unshakeable purpose to re-establish upon the earth, now hideous with the blackened ruins of civilization, a freedom wider and more deeply founded in social and international justice than ever before in human history. All these intangible things are the very fibre and fabric of the national character alike of the British and Canadian peoples. Tried by many onslaughts, tested by many defeats, the inner fortresses of that character remain unbroken and unbreakable, impregnable, indomitable. Against their walls, the tides of tyranny and the waves of battle will beat in vain.

ADJOURNMENT

Hon. Mr. DANDURAND: Honourable senators, I now move that when the Senate adjourns this evening it stand adjourned until to-morrow morning at 11 o'clock. As honourable members are aware, the Commons are still discussing Supply, which will be the last measure to reach us. It is hoped that they will have completed their work before midnight.

The motion was agreed to.

SEPARATION ALLOWANCES FOR SOLDIERS' CHILDREN

DISCUSSION

On the motion to adjourn:

Hon. L. COTE: Before the Senate adjourns, may I take this opportunity of directing the attention of honourable members to a matter in connection with recruiting for overseas service.

The honourable leader of the House (Hon. Mr. Dandurand) has just placed on Hansard a statement by the Prime Minister with respect to our war effort. The other day, reading the conditions of enlistment for overseas service and the terms of pay and allowances to enlisted soldiers, I noticed that if a man enlists, in addition to his pay there is a separation allowance for his wife, and also for his children. As I recollect, the allowance for each child is \$12; but it is limited to two children only.

Hon. Mr. DANDURAND: That is what I thought.

Hon. Mr. COTE: I remember that that regulation was announced a short time after war was declared, and a few days ago I read that it had been retained. I do not remember seeing any valid reason given for the regulation. I do not know whether the person who drafted the regulation, and induced the Government to accept it, had in mind the purpose

Hon. Mr. DANDURAND.

of discouraging enlistment for service overseas of men with more than two children, but if that was his purpose such a regulation, I am sure, would not achieve it. Whoever conceived the regulation has, I think, a rather poor knowledge of the human soul. When a man feels it is his sacred duty to answer the call of his country, to go overseas and risk his life to defend the cause for which we are fighting, the fact that only two of his three or four children will receive an allowance will not stop him from enlisting. As a matter of fact, although I have not the figures, I happen to know that many soldiers with more than two children have enlisted for overseas service.

If the purpose of the limitation was entirely one of economy, my answer is, "Yes, you will effect an economy, but at the expense of whom? At the expense of the other children." The soldier-father of, say, four children who goes overseas will be fed and clothed the same as other soldiers, but he will feel that an ungrateful country is asking his four children to live on the allowances for two.

I wish to register my protest against this discrimination. It is not very long ago that we heard in this very Chamber the division bells ringing to summon honourable members to vote on a motion to refuse concurrence in an amendment to the Pension Bill which had been adopted by the Committee on Banking and Commerce. This amendment would have deprived a trainee, a young man who is given free training in the handling of arms, but who may never enlist for service overseas, of a pension for injuries not connected with his service. The leader of the House moved that in that particular the report of the committee be rejected, and it was rejected by this House. Some of the senators who had supported the amendment in the committee changed their votes. I want to refer particularly to one honourable gentleman who changed his vote and gave his reasons for so doing. He said—

Hon. Mr. DANDURAND: Are we reopening that discussion?

Hon. Mr. COTE: No, we are not reopening the discussion, but I am making a comparison between the treatment accorded to non-fighting men, men who may never enlist, and that accorded to men who do enlist and risk their lives in the front line. I am not reopening the other question; I merely wish, in support of my present contention, to make use of the argument used by that honourable senator on that occasion. His argument was that there should be no discrimination at all between members of the forces. He said that Canada's army was one army, made up of the permanent militia,

men attested for overseas, and these youths who are being trained; and he said that if different treatment were extended to the different classes of troops, it would affect their morale. He said, further, that the men were trained in the same camps, that they were lodged together, had their meals together, and enjoyed the same sports, and that therefore, after giving further consideration to the matter, he thought it necessary to change his vote in favour of completely reinstating the section in question in the pension law. And it was reinstated.

My point is this. If we are going to burden the public treasury with the possibility of the payment of pensions, at the discretion of the Pension Commissioner, to men who have never given their consent to fight anywhere—

Hon. Mr. DANDURAND: Who have never given what?

Hon. Mr. COTE: Who have never given their consent to fight anywhere—

Hon. Mr. DANDURAND: But they are in until the end of the war, to fight and defend Canada, and you may find them on the coast, by the side of those who have entered the Active Army, defending the country and taking the same risk. Yet my honourable friend is trying to reopen a question when there is nothing before the House.

Hon. Mr. COTE: I am not trying to reopen the question. I am afraid the honourable leader of the House is not quite patient enough. I have given my reason for mentioning this.

Hon. Mr. DANDURAND: I can follow my honourable friend, and I know his inner thought.

Hon. Mr. COTE: When I was interrupted, I was saying that if it is proper to provide pensions, on compassionate grounds only, for men who have not attested for service in the defence of this country—

Hon. Mr. DANDURAND: While they are training during the next two or four months?

Hon. Mr. COTE: At any time, sir.

Hon. Mr. DANDURAND: If they are doing that, they are serving the country.

Hon. Mr. COTE: The pension law makes no difference, and I say, if that is the case—and it is the case—a fortiori, we should not discriminate in our treatment of soldiers who have attested for overseas service. That is my argument. That is what was in my mind when I made the short reference to the Pension Act. Possibly the leader of the House may have thought I had something else in mind, but that was all. I do not think the

regulation as to enlistment for service overseas is wise or generous. I do not see any good reason for it, and I see some very good reasons against it.

I just rose to express that opinion as a member of this House. I have not heard it expressed before during the session, and I think it should have been expressed. I have an idea that many honourable members of this House agree with me, in their hearts, that there should be no discrimination against brave men who answer the urge to serve their country and go overseas to fight our battles.

Hon. Mr. DANDURAND: On the question of the number of children they have—

Hon. Mr. COTE: The children are part of their families and part of themselves; they are the dearest possession they have in life. And if we make a distinction on the ground of economy, I say it is not the kind of economy we should be practising.

Hon. Mr. DANDURAND: My honourable friend could easily have called attention to the question whether there was discrimination between soldiers enlisting for active service who have one or two children or none, and soldiers who have more than two. He could have raised that question without roving over a debate on a matter which should have been closed. I shall not answer my honourable friend to-day, but shall draw this discussion to the attention of the Minister of Defence and give an answer to-morrow morning.

Right Hon. ARTHUR MEIGHEN: Honourable senators, I think, to keep our records straight, this discussion should appear as being on the motion to adjourn.

Speaking to the claims of my honourable friend to my left (Hon. Mr. Cote), I think it is only fair to the Government to say that the limitation referred to was suggested from this side of the House. I can well remember the honourable senator from Edmonton (Hon. Mr. Griesbach) strongly urging that men with sizable families should not be encouraged to enlist, and indicating that the enlistment of such men showed one of the grossest of the unfairnesses which arose out of the voluntary system of enlistment. The honourable gentleman, who has had considerable experience, felt that the present regulation would not be unfair to those with the larger families.

While that is the case, I make only this comment. The fact that to-day thousands—tens, hundreds of thousands—of young men with no ties and no special obligations are closing their ears, are utterly indifferent, to every appeal—attending theatres, races and

ball games, interested in strikes and balls rather than guns—just illustrates the enormity, or whatever you want to call it, of what we are doing in this country. It all grows out of the cruelly unjust, utterly illogical and tragically inefficient system, or total absence of system, to which we still adhere.

Hon. Mr. DANDURAND: Unfortunately I was unable to follow the last part of my right honourable friend's statement. Would he kindly tell me what was the point he made?

Right Hon. Mr. MEIGHEN: What I say is that cases such as have been referred to by my honourable friend to my left (Hon. Mr. Coté) do exist. There are men with large families who, notwithstanding their obligations to them and to their homes, feel that they must serve, while there are hundreds of thousands with no such obligations who are simply laughing at us, in our faces.

Hon. Mr. DANDURAND: Laughing at us for what?

Right Hon. Mr. MEIGHEN: Laughing in our faces.

Hon. Mr. DANDURAND: Why?

Right Hon. Mr. MEIGHEN: I do not know why. They do. They pay no attention at all to our appeals. That all grows out of the utterly illogical, tragically inefficient and cruelly unjust system, or lack of system, which we have.

Hon. Mr. DANDURAND: I am very sorry to hear my right honourable friend say that.

Right Hon. Mr. MEIGHEN: But it is true. You know it is true.

Hon. Mr. DANDURAND: I am very sorry.

Right Hon. Mr. MEIGHEN: So am I.

Hon. Mr. DANDURAND: Is my right honourable friend not affirming that in the country at large there is a lack of patriotism? I do not admit that. If my right honourable friend will read his remarks he will find he has said that hundreds of thousands of people are doing nothing but laugh at us. That is, they are laughing at our perils, at the perils of Canada and of the British Empire? I cannot admit that.

Right Hon. Mr. MEIGHEN: That is not what is in my mind at all. I say that tens—yes, hundreds—of thousands, are laughing at our appeals, paying no attention at all to our appeals for recruits. And I say that even those without encumbrances, and without special obligations—

Right Hon. Mr. MEIGHEN.

Hon. Mr. DANDURAND: They are not stirred by their patriotism?

Right Hon. Mr. MEIGHEN: No. If they were they would be in the ranks, and we should not be begging on our knees and beseeching them, as we are to-day—a spectacle that, with the enemy right in front of us, seems to me simply appalling.

Hon. GUSTAVE LACASSE: Honourable senators, as this is turning out to be a conversation, I may as well join in. My honourable friend from Ottawa East (Hon. Mr. Coté) made the point that there is discrimination against enlisted soldiers who have more than two children. That is the point. I think we should stick to it. I do not see any reason for enlarging upon that and making a camouflage plea for the imposition of conscription in Canada. Everybody seems to be afraid to use that word. We may just as well use it and do a little plain talking about it. If we are too shy to speak the word, we can call it compulsory military service, or anything else, but what it means is conscription. As I say, the point made by my honourable friend from Ottawa East is that there is discrimination as between enlisted soldiers who have two children and those who have more. I believe he is right in that. But I say again, let us stick to the issue. As my honourable leader (Hon. Mr. Dandurand) has said, in a very nice and obliging way, he is going to refer the matter to the Minister of National Defence. To-morrow we shall have the Minister's views, and his explanation—and justification, as the case may be. I am eager to hear his statement.

That is all there is to it, so far as I am concerned.

The Senate adjourned until to-morrow at 11 a.m.

THE SENATE

Saturday, June 14, 1941.

The Senate met at 11 a.m., the Acting Speaker (Hon. James Murdock, P.C.), in the Chair.

Prayers and routine proceedings.

SEPARATION ALLOWANCES FOR SOLDIERS' CHILDREN

DISCUSSION

On the Orders of the Day:

Hon. RAOUL DANDURAND: Honourable senators, I asked the Minister of Defence for a statement in answer to the inquiry of my honourable friend from Ottawa East (Hon. Mr. Coté) as to why allowances were not paid for more than three dependents—the wife and two children—of any soldier. I had expected to receive a written statement, but an oral one was given. The situation is this. During the war of 1914-1918 the Government paid allowances to soldiers' wives, but made no extra payment on the basis of the number of children. Dependent children were taken care of, for the most part, and the separation allowances were supplemented, by the Canadian Patriotic Fund, which collected moneys from the public through campaigns carried on from time to time. When war broke out in September of 1939 the conditions of enlistment made provision for allowances to four or more dependents. This provoked considerable protest, and it was urged in the Press and in this Chamber, and in other quarters also, that men with more than two children should not be accepted for active service. As a result, the regulation was amended, the soldier's dependents eligible for allowances being restricted to three persons—the wife and two children.

I would remind honourable members that the situation respecting soldiers and their dependents is much more favourable at present than it was during the period of 1914-18. The soldiers themselves are receiving a higher scale of pay, and the official allowances to their dependents are larger. Whether those allowances are equivalent to the total amounts that soldiers' dependents received during the last war in separation allowances and in payments from the Canadian Patriotic Fund, I am not in a position to state.

My honourable friend based his protest on the provision in certain circumstances of compassionate pensions to trainees injured while in training. He contended that trainees were undergoing the same training as the militia received in peace time, and were not on an equal footing, as to sacrifice, with men who had enlisted for service overseas. That is absolutely erroneous. Those young men will continue in the Canadian army for the duration of the war, and will serve wherever they are needed for the defence of Canada. They are undergoing a very thorough training to qualify them to serve either on the Atlantic or the Pacific coast. I may say that a considerable proportion of the men who have been taking the four months' training with members of the Active Army have signified their intention of attesting for service anywhere. I cannot speak with certainty as to

their numbers, but my honourable friend from Ottawa East (Hon. Mr. Coté) and the right honourable leader on the other side (Right Hon. Mr. Meighen) will find that these men will constitute a reservoir of considerable value. They have trained arduously and severely under the system carried on, and must not be looked down upon as if they occupied a position in the service of the country inferior to that of the men who have volunteered to go anywhere. It may happen that both groups will be found fighting side by side in this country, or that many of the trainees will go overseas among those who have volunteered for such service.

I shall add just one further word. Between 1914 and 1917, during the regime of my honourable friends opposite, 400,000 men were raised under the voluntary system. Those men could not be accused of failing to show a proper spirit of patriotism. I recall that the honourable senator from Edmonton (Hon. Mr. Griesbach) said that to take the place of the bands that once marched through the streets of our towns and cities there was need for some kind of propaganda for the purpose of assisting in the endeavour to gather recruits for the war. There may be something in what the honourable gentleman said, but I may inform the House that the propaganda and the recruiting campaign carried on for the last week or so have gathered momentum, and everywhere we hear that recruiting is proceeding satisfactorily. So there is no reason to think our young men of to-day are of weaker moral fibre than those of 1914-18.

ADJOURNMENT—BUSINESS OF THE SENATE

Hon. Mr. DANDURAND: Honourable senators, I understand that the House of Commons is still endeavouring to reach the end of its labours in examining the items which go to make up the Supply Bill. The hope has been expressed that a conclusion may be reached by one o'clock. I move that the Senate adjourn during pleasure, to meet again this afternoon at two forty-five, so that we may be ready for the Royal Assent by three o'clock.

The motion was agreed to.

The Senate adjourned during pleasure.

The Senate resumed at 2.45 p.m.

Hon. Mr. DANDURAND: Honourable senators, it is somewhat difficult to say just when the Commons will be through. I under-

stand the Supply Bill will reach us perhaps a little before or a little after half past three. I therefore suggest that we adjourn during pleasure, to return at the call of the bell. I so move.

The motion was agreed to.

The Senate adjourned during pleasure.

The Senate resumed at 3.30 p.m.

APPROPRIATION BILL No. 4

FIRST READING

A message was received from the House of Commons with Bill 103, an Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1942.

The Bill was read the first time.

SECOND READING

The Hon. the ACTING SPEAKER: When shall this Bill be read a second time?

Hon. RAOUL DANDURAND, with leave of the Senate, moved the second reading of the Bill.

He said: Honourable members, this Bill has the extraordinary feature of being the heaviest levy that has been made by Parliament upon the people of Canada. The appropriation is required for the purpose of carrying the war to a victorious issue. I shall not go into the details of this measure, for we have had occasion to discuss its contents while dealing with various bills authorizing these expenditures.

Hon. J. A. CALDER: Honourable senators, as usual, the Supply Bill, which provides for the moneys required for the ordinary public service, reaches us when we are all about to disperse north, south, east and west to the four corners of Canada. In this House, for reasons that are well known, it is not the practice to deal with the details of such a measure, though there are occasions when some unusual or extraordinary expenditure proposed may lead to a somewhat lengthy discussion. I intend to deal with only one phase of the Estimates, and with that very briefly.

On checking the Estimates for this year I find that, altogether apart from the huge sums voted for war purposes, they provide for a total expenditure of \$433,000,000. In addition to this sum there is an item of, I think, \$35,000,000, for expenditure under the policy adopted by the Government regarding crop reduction, but as this, in a large sense, is emergency expenditure related to the war itself, and may not be expected to continue,

Hon. Mr. DANDURAND

I will not take it into account. On looking at last year's Estimates I find that they provided a sum of \$451,000,000; so we now have an apparent reduction of some \$18,000,000, the difference between the \$451,000,000 voted last year and the \$433,000,000 now appropriated. In considering these figures, however, it must be borne in mind that in the Estimates of last year there were two items which do not appear in the present Bill. One was the vote of \$19,000,000 to cover unemployment relief and special services generally, to be administered by the Labour Department, and the other was the sum of \$15,000,000 to take care of Canadian National Railway expenditures, presumably deficits. These two items, omitted from this year's Estimates because they are not required, totalled \$34,000,000: so in a comparison of this year's Estimates with last year's the figures should really be \$417,000,000 as against \$433,000,000.

Hon. Mr. GORDON: What are the figures mentioned?

Hon. Mr. CALDER: For last year \$417,000,000, and for this year \$433,000,000, not including the \$35,000,000 appropriated in connection with crop reduction.

The point I wish to speak on for just a moment is this. We all realize what the situation is. We all realize the tremendous financial burden being carried by Canada. There is not an honourable member of this House or of the other House who does not know what is taking place in that respect, and what is likely to take place in the future. The burden is great to-day, but it is sure to be greater to-morrow. Taxation is high now, but it will be higher to-morrow. It seems to me that the Government should cut out every expenditure that possibly can be cut out. I know it is not easy to do that. I have had experiences in that direction, and I am aware that at times it is most difficult to cut out an expenditure. There are many reasons for the difficulty.

It may be that members of the Government, occupied as they are with so many things, could not give to this matter the attention it really should have. Busy men, burdened ten, twelve or fifteen hours a day, have not the time to deal with this problem. It has often seemed to me that the Government should establish some sort of body to go into every department of the public service and eliminate every dollar of expenditure that can be eliminated. I am sure all honourable members would agree with that. From my experience in connection with governments I know that many expenditures could be lopped off at this time. I do hope that before the

year rolls around the Government will take such steps as are necessary to see to it that the expenditure for everything that is not essential, for everything that is not connected with our war effort, is reduced to the lowest possible point.

I am sure the Government must have made efforts along this line. It must be interested in this phase of our financial problem, and in the burden that our people are carrying and will have to continue to carry. I take it for granted that members of the Government are desirous of reducing expenditure wherever possible. If they have not the opportunity to give personal attention to the matter, then, I say, for goodness sake let them appoint some person or persons to act for them.

Hon. Mr. DANDURAND: My honourable friend is quite right when he says that doubtless the Government has done its best to compress expenditures. As he has sat in Council, he knows that each department sends in its estimates, and these are carefully checked with expenditures made in the year before.

There is very much to be said in favour of my honourable friend's suggested plan for reducing departmental expenditures. I do not know whether such a plan could be made effective, and, if so, to what extent or how. I will see to it that my honourable friend's suggestion is conveyed to the Government.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. DANDURAND moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

THE ROYAL ASSENT

The Hon. the ACTING SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Sir Lyman P. Duff, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 3.45 p.m. for the purpose of giving the Royal Assent to certain bills.

The Senate adjourned during pleasure.

The Right Honourable Sir Lyman P. Duff, the Deputy of the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their

Speaker, the Right Honourable the Deputy of the Governor General was pleased to give the Royal Assent to the following Bills:

- An Act to amend The Excise Act, 1934.
- An Act to amend the Customs Tariff.
- An Act to amend The Excess Profits Tax Act, 1940.
- An Act to incorporate General Security Insurance Company of Canada.
- An Act to incorporate The Ukrainian Catholic Mission of the Most Holy Redeemer.
- An Act respecting The Ontario and Minnesota Power Company Limited.
- An Act respecting The Wawanese Mutual Insurance Company.
- An Act respecting British Columbia Telephone Company.
- An Act to amend The War Exchange Conservation Act, 1940.
- An Act to amend the Indian Act.
- An Act to amend the Pension Act.
- An Act to amend the Alberta Natural Resources Act.
- An Act to amend The War Charities Act, 1939.
- An Act to authorize the levying of Duties in respect of Successions.
- An Act to amend The Prairie Farm Rehabilitation Act.
- An Act to control the Export of Game.
- An Act respecting Consolidated Fire and Casualty Insurance Company.
- An Act to incorporate The Roman Catholic Episcopal Corporation of James Bay.
- An Act respecting United Grain Growers Limited.
- An Act to amend the Industrial Disputes Investigation Act.
- An Act to amend the Yukon Act.
- An Act to amend The Prairie Farm Assistance Act, 1939.
- An Act to amend the Income War Tax Act.
- An Act to amend the Labour Department Act.
- An Act to amend the Special War Revenue Act.
- An Act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1941, to provide for the refunding of financial obligations and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.
- An Act to amend the Senate and House of Commons Act.
- An Act for the relief of John Hubert Fox.
- An Act for the relief of Dorothy Jean Fletcher.
- An Act for the relief of Lillian Bald Ellison.
- An Act for the relief of Clavell Filliter Stroud.
- An Act for the relief of Mary Marion Grey McKay.
- An Act for the relief of Frances Goldberg Joseph.
- An Act for the relief of Alice Weill Sedlak.
- An Act for the relief of Marguerite Marie Rita Duchesneau Goulet.
- An Act for the relief of Edna Irene Yertaw.
- An Act for the relief of Gordon Alexander Cowan.

An Act for the relief of Marion Cameron MacLaurin Nelson.

An Act for the relief of Kenneth Grier Thornton.

An Act for the relief of Hubert Earl Roberts.

An Act for the relief of Annie Elizabeth Cunningham Wheatley.

An Act for the relief of Dorothy Theresa Downard Street.

An Act for the relief of John Greig.

An Act for the relief of Lloyd Charles Edward Francis Fulford.

An Act for the relief of Joseph Gaston Yvano Rene Dupuis.

An Act for the relief of Audrey Alexine Stephenson Smyth.

An Act for the relief of Lillian Shapiro Denenberg.

An Act for the relief of David Rainville.

An Act for the relief of Hortense Bienvenue.

An Act for the relief of Evelyn May Gray Ladouceur.

An Act for the relief of Marie Jeanne Germaine Grenier Legendre.

An Act for the relief of Marie Adeline Alice Miron Lefebvre.

An Act for the relief of Helenorah Keturah Donowa Harris.

An Act for the relief of Henry John Barrington Nevitt.

An Act for the relief of Pauline Myrle Barr Gould.

An Act for the relief of Marie Alice Veillet Piché.

An Act for the relief of Gertrud Kohn Storper.

An Act for the relief of Frederick William James Hobbs.

An Act for the relief of Vivienne Rhodes Whitaker Storey.

An Act for the relief of Dora Lemisch Boyer.

An Act for the relief of Muriel Mary Murphy Carvey.

An Act for the relief of Eileen Henrietta Seville Orchin.

An Act for the relief of Edythe Gertrude Dover Schawl.

An Act for the relief of Agnes Mary Johnson Messett.

An Act for the relief of Manson Wilton Roach.

An Act for the relief of Elizabeth (Elspeth) Brown Rattray Selkirk Morphy.

An Act for the relief of Stanley Jackson.

An Act for the relief of Vera Black Slatkin.

An Act for the relief of Stella Cohen Baboushkin.

An Act for the relief of Kate Abramovitch Reinblatt.

An Act for the relief of Dora Catherine Sullivan Evans.

An Act for the relief of Ilona Klein, otherwise known as Eleanor Klein.

An Act for the relief of Leonard Moore.

An Act for the relief of Ann Elsie Buckley.

An Act for the relief of Dorrien Edson Weaver.

An Act for the relief of David MacDonald.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1942.

The Hon. the **SPEAKER**

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1942.

The House of Commons withdrew.

The Right Honourable the Deputy of the Governor General was pleased to retire.

The sitting of the Senate was resumed.

ADJOURNMENT

Hon. Mr. DANDURAND: Honourable senators, I move that when the Senate adjourns to-day it stand adjourned until Monday, November 3, at 8 p.m.

Hon. Mr. CALDER: Before the motion carries, may I ask if there is some means by which Parliament could, if necessary, be called together before that date?

Hon. Mr. DANDURAND: The House of Commons has passed a resolution for that purpose. At the opening of this session we passed a resolution authorizing His Honour the Speaker, should an emergency arise during any adjournment of the Senate, to notify senators, at their addresses as registered with the Clerk, to meet at an earlier date.

The motion was agreed to.

The Senate adjourned until Monday, November 3, at 8 p.m.

THE SENATE

Monday, November 3, 1941.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

STABILIZATION OF PRICES AND WAGES

DISCUSSION

Right Hon. RAOUL DANDURAND: With leave of the Senate, I desire to have printed in Hansard, for easy reference by honourable members, a broadcast made by the Right Hon. Mackenzie King on October 18, 1941, stating the policy of the Government for controlling the cost of living.

This is the broadcast referred to:

The thoughts of us all to-night are turned, I am sure, towards the Russian front and the gathering threats in the Far East. What has happened and what is threatened, make clear that now, more than ever, Canada must rally all the power within herself to fortify her strength. If we are to be strong enough to do our duty abroad, we must be strong and united at home.

I am, therefore, going to speak to you to-night about an action which the Government proposes to take in connection with conditions within Canada. I believe that what is proposed will vitally affect our war effort, because it will affect every man, woman and child within Canada.

The action which I am about to explain represents an experiment hitherto untried on this continent, and perhaps having regard to its breadth and variety, hitherto untried by the will and consent of any free people anywhere.

It has to do with the price of goods and services, and the price of the products of land and sea. It has to do with wages. It is of the greatest importance to every citizen in Canada, and of particular importance to every housewife, every worker, and every farmer. It will affect the daily lives of each one of us. It will require the co-operation and support of all. It will help to intensify the effort of this country in war. It will help to prevent a repetition of distress and depression after the war.

The Menace of Inflation

We have heard much in recent weeks about rising prices. They have affected the budget of every family in Canada. We have heard and seen something of the dangers of inflation. But comparatively few of us, I imagine, understand those dangers fully, and what their effect may be upon our lives and our labours. By inflation we mean a rise in prices and costs brought about by abnormal conditions whereby our money is able to buy less of the things we need.

Rising prices unless controlled will make it more costly and therefore more difficult to finance the war. Rising prices, unchecked, will spread confusion and uncertainty in industry and trade. They will hinder production and the proper distribution of supplies. They will make the cost of living rise more rapidly than wages and salaries. The value of savings will be materially lessened. The result would be hardship to nearly every one, and hardship in very unequal measure.

It is scarcely necessary for me to say that a rising cost of living is a source of acute personal anxiety to all and, particularly, to those with small incomes. And it is this very anxiety which is the danger to our war effort. For in the making of war no weapon is more powerful than peace of mind. We all know that we cannot do our best work and put forth our utmost effort if we are beset by personal fears and anxieties. And we know that a maximum war effort for Canada depends upon each and all working together in conditions that are just to all. That is why the Government which is responsible for the direction of Canada's war effort is deeply concerned about the effect of rapidly rising prices upon the prosecution of the war. That is why the Government has decided that hereafter prices must be controlled more rigorously than they have been during the first two years of war. The needs of to-day demand it.

It has been the experience of countries at war, in modern times at least, that at a certain stage in the conflict, prices begin to rise rapidly. Many of us recall the experience in the last war. During the first two years there was only a modest increase in prices, but in 1916 prices began to rise suddenly and the rise

continued with increasing rapidity until 1920. Much hardship resulted because the incomes of the mass of the people did not keep pace with prices. Unfortunately, in a period of rapidly rising prices, they never do. A few made large fortunes; they were the people to whom the Secretary of the Treasury of the United States referred recently, in reminding his fellow-citizens that only the profiteer, the speculator and the hoarder gain from inflation.

Many of us recall, too, the sudden drop in prices in 1920 which brought in its train depression and unemployment. No one wants to see those experiences repeated—much less the far worse experience of many European countries with their disastrous sequence of uncontrolled inflation, sudden deflation, prolonged depression and misery, Fascist or Nazi dictatorship, and finally war.

The Cause of Rising Prices

After two years of the present war, we have reached the same stage we had reached after two years of the last war. Prices are again rising rapidly. To speak generally, prices are rising again because the public has more money to spend and there is less of the things people wish to buy. For two years the Government has been competing with the individual consumer for almost every commodity Canada produces or imports. The Government must have the goods to build and maintain our war machine; to clothe, feed and equip our fighting men; and to aid Britain and other allies with arms and with food. We sometimes forget that the same sheet of aluminum cannot be used to make a plane and to make pots and pans. The same gallon of gasoline cannot be used in any army tank and a pleasure motor car. The same pound of cheese cannot be eaten in Britain and in Canada. And most important of all, the same men cannot make machine guns and washing machines at the same time.

With every week that has passed since the outbreak of war, the services of more and more men have been required to meet the needs of war. To-day, more than a million Canadians are engaged in war service in the forces, in the factories, and in the fields. The stage of taking up the slack of partial employment has now passed and the need for more men for the armed forces and for war industry is still growing.

We must face the fact that there are not enough men; there are not enough machines; there are not enough materials to meet the demands of consumers and the needs of war. Since the Government, with the full support of the Canadian people, is determined to maintain and to intensify the war effort, we have no choice but to reduce our consumption of goods. To us, too, has come the choice between guns and butter.

The problem we face to-day is more acute than the corresponding problem was in 1916. It is estimated that at no stage in the last war was more than 10 per cent of our national income devoted to war purposes. In the present struggle we expect, this year, to be devoting some 40 per cent of the national income to the prosecution of the war. Translated into everyday language this means that, in the last war, only one-tenth of our economic energies were consumed in waging war, while, to-day, we are approaching the point where nearly one-half of our energies are being used for war.

The Effect of Rising Prices

It stands to reason that all the goods and services we are accustomed to enjoy in peace time cannot be provided when only a little more than half our energies can be spared to provide them. Most goods and services are becoming increasingly scarce and will become scarcer still. We must face the problem of sharing what is scarce. If we let prices rise unduly, we know what will happen. Ask any housewife. For no one feels the effect of rising prices more than the housewife.

Rising prices—a rising cost of living—do not have the same effect on all households. The smaller the family income and the larger the family, the more serious the hardship imposed. For those with small incomes, rising prices of clothing, food and other necessities may mean serious hardship, while for those with larger incomes only luxuries and small comforts may have to be given up.

Rising prices thus serve to aggravate the inequalities in society, and to throw the heaviest burdens on those least able to bear them. Wartime experience has shown that prices rise faster than wages or salaries, and bear more heavily still on those who live on small pensions or life savings.

Nor is the position of the farmer any happier than that of the wage-earners. The present war is a war of machines. Because of the heavy demands of war on industry, the scarcity of manufactured goods is likely to be greater than the scarcity of farm products. The rise in prices will consequently be unequal, if prices are left to themselves. The things farmers have to buy tend to go up in price, more than the things they have to sell.

Moreover, some farm prices left to themselves would not rise at all under present circumstances. This is notably true of the price of wheat, although there are other products in the same class. It is recognized, however, that wheat and other non-perishable products, held in reserve, constitute an invaluable war asset. Agriculture itself is a national asset which must be preserved. The uncontrolled rise of prices would throw an intolerable burden upon wheat farmers and others similarly situated. Their situation differs from what it was in the last war. At that time, we had fewer acres, by many millions, in production. We produced much less wheat. There were more allies to feed.

The truth is that all but an insignificant minority of the population would be worse off as a result of rising prices, if prices were permitted to rise unchecked, and, in general, the relatively poor would suffer more than the relatively well-to-do.

Government Control of Prices Generally

I think I have said enough to make it clear why the Government is unwilling, as a means of reducing consumption, to allow prices to rise unchecked. That would be the easy way out of the immediate difficulty. But it would be unfair and unjust now, and perilous for the future. Therefore, the Government has decided to halt the rise of prices; to undertake the control of all prices; and, where necessary, to take other steps to control civilian consumption in fair and equitable ways.

Let me pause to interject a word of warning. There is no panacea or cure-all for the evil of rising prices. The Government does not pretend to have a magic formula which can be applied.

Right Hon. Mr. DANDURAND.

We are all aware that the task of controlling prices is very difficult. It has not been easy to control prices even in totalitarian countries which can enforce their controls by brutal methods which no free country would contemplate. In a democratic country, price control cannot succeed without the active support and co-operation of the mass of the people.

From the outset of the war, the Government has been aware that the problem of a general rise in prices would ultimately have to be faced. We felt it advisable, however, to postpone the control of all prices, until it was really necessary. Complete control involves many complications and restrictions; moreover, it requires a large staff to administer the machinery of enforcement. It was clearly undesirable to take men's services from other tasks one moment before they were needed.

It is only in recent months that the necessity for the control of prices generally has become clearly apparent. In the summer of 1939, prices were abnormally low. This was particularly true of many agricultural products. The price increases of the early months of the war were, in most cases, little more than a healthy recovery from the low levels obtaining when war broke out. This recovery of prices had the effect of stimulating the employment of labour and capital. During the next twelve months, prices were relatively stable. The price increases which did occur resulted, in most cases, from one or other of the following causes: the premium on United States' funds; the rapid increase in ocean freight rates; war taxation on a wide range of commodities; and the normal recovery of excessively low agricultural prices. During this period a control of the prices of individual commodities worked satisfactorily. All price changes were, of course, carefully watched by the Wartime Prices and Trade Board. When the prices of individual commodities or groups of commodities threatened to rise unduly or suddenly, the Board acted promptly. For example, at the beginning of the war, the panic-buying of sugar was quickly checked. Speculating was stopped; hoarding was stopped; profiteering was stopped. In regions where there was an acute shortage of housing, rent control was applied. This piecemeal method could be used, when the problems arose piecemeal. To-day we face a different situation. We have entered the period of full employment. The upward trend of prices has become too widespread and powerful to be checked adequately by controlling the prices of a few commodities. To continue to attempt to control the rise in prices, piecemeal, might only serve to augment the very evil it is desired to avoid, by occasioning, through fear of the future, a precipitate rise in the prices of those commodities which are not already controlled. The problem is a general problem, and it calls for general treatment. It has spread just as the war has spread.

The Government has, therefore, decided to halt the rise in the prices of all goods or services sold in Canada by imposing a general ceiling on prices. By a ceiling is meant an upper limit above which prices will not be allowed to rise. Theoretically, this is a simple policy, but the Government realizes fully how great the practical administrative difficulties are. It will call for new and complicated administrative machinery. It will interfere with established methods of running business; it will impose irksome restrictions; and its success will depend, not alone

upon the Government, but equally upon the willingness of all who are affected to accept, and to accept cheerfully, the limitations imposed upon them as a necessary contribution to Canada's maximum war effort.

Method of Stabilizing Prices

This is what we propose to do. It is simple to understand. It will be more difficult to perform. On and after November 17, 1941, no person may sell any goods or supply any services at a price or rate higher than the maximum price or rate charged by him for such goods or services during the four weeks from September 15 to October 11, of the present year. In other words, prices are to be halted at a level they have already reached. Except in cases where minimum prices are fixed, prices will be free to fall below the ceiling.

Full details of the policy will be made public later, but I can say now that the limit or ceiling on prices will apply to all goods, except sales for export. It will also apply to all rentals. The limit will also apply to the rates charged for electricity, gas, steam heat, and water; telegraph, wireless and telephone services; the transportation of goods and persons and the provision of dock, harbour and pier facilities; warehousing and storage; undertaking and embalming; laundering; cleaning; tailoring and dressmaking; hairdressing and related services; plumbing and heating; painting and decorating; repairing of all kinds; the supplying of meals, refreshments and beverages. Power is given to the Wartime Prices and Trade Board to add to this list. In the case of most agricultural products and fish, the maximum prices will be based upon market prices during the four weeks prior to October 11, rather than upon the actual selling prices of individual farmers or fishermen.

The imposition of a price-ceiling will ensure that the hardships and scarcities resulting from the steadily increasing requirements of war will be more equitably spread among the whole people.

Control of Production Costs: Stabilization of Wages

I come now to the next feature of the policy of controlling the cost of living. It is obvious that the prices of finished goods cannot be controlled successfully unless the cost of production is also controlled. Wages are a large element in the cost of producing the manufactured goods required by consumers. That is why the cost of living cannot be controlled unless wages are also stabilized. The policy of limiting the rise of wages is, in other words, a vital part of the policy of safeguarding the wage-earners, as consumers, from the evil effects of a rising cost of living. With the policy of stabilizing wages the Government is extending its policy of safeguarding the earnings of the wage-earners.

A beginning was made in working out a wage policy at the end of last year when what is called Order in Council P.C. 7440 was enacted. This Order, which was for the guidance of boards of conciliation, fixed basic wage rates in general at the relatively high level then existing. It provided that sub-normal wages could be adjusted upward and that any further upward adjustment in wages should be by way of a cost-of-living bonus. While this experiment has been widely accepted by employers and employees in war industry, certain defects in the procedure must now be

remedied. Industries not engaged in war production have not been subject to this control. Wage rates of many of these industries have continued to rise. In others there has been no rise to offset the increased cost of living. Even in the war industries, because of the increasing scarcity of labour and the absence of penalties for violation, the policy was not completely successful. This has been unfair to those employers and employees in industry who loyally accepted the policy.

After consultation with representatives of the provinces, of employers and employees, the Government has found general agreement with its view that its wartime wages policy could succeed only if it were broadened and strengthened and if machinery were established for its enforcement.

Extension of Government Wartime Wage Policy

The Government has therefore decided to extend its wartime wage policy to cover all industry. The only exception will be certain smaller employers who are excluded solely for administrative reasons. Henceforward no employer in Canadian industry or commerce may, without permission, increase his present basic wage rates.

After November 15 every employer will be obliged to pay a bonus in accordance with the terms specified by government order, and to adjust the bonus regularly every three months in accordance with a definite formula. The bonuses now being paid will require to be adjusted to the cost-of-living index as of the effective date. In future all employers will pay a bonus on the same basis. Penalties will be imposed for failure to comply with the order.

The administrative machinery will consist of a National War Labour Board and several regional War Labour Boards. Each will be equally representative of employers and employees. They will supervise a co-operative inspection and enforcement service by the joint staffs of the Dominion and Provincial Departments of Labour. One of the primary functions of the Boards will be to observe how the policy works in practice and to recommend its revision or modification in the light of experience. The Boards will also be expected to advise the Minister of Labour about the further development of policy in all matters relating to labour and industrial relations.

Despite the careful thought given to the plan, it will no doubt have to be improved in detail from time to time. It is a step forward into new territory; success will depend upon the co-operation accorded by employers and workers, and not least by the support of the consuming public.

The Position of Agriculture

In undertaking to control the cost of living, particular attention has been given by the Government to the effect of its policy on the position of agriculture. The policy touches the farmer in two ways. The principle of the price-ceiling will be applied to agricultural prices, while, at the same time, total agricultural income will be supported, where necessary, by government action. In other words, while wages and the prices of farm products will be stabilized, the income of both labour and agriculture will be safeguarded.

Agricultural prices, with a few conspicuous exceptions, especially wheat, are higher to-day than they have been at any time during the past ten years. In cases where agricultural

prices have not kept pace with increases in costs of production, measures are being taken to bring about a more satisfactory relationship without significantly affecting the general level of retail prices to the consumer.

The major problem of maintaining incomes in Western Canada, where grain growing is the largest source of income, is closely related to the problem in Eastern Canada where feed supplies are not sufficient to enable farmers to produce the bacon and dairy products required for Britain and ourselves. Both these situations need adjustment. It is therefore the intention of the Government to make supplementary payments to farmers in the spring wheat area, on the basis of their cultivated acreage as defined under the Prairie Farm Assistance Act. For farmers in Eastern Canada, the Government will provide the transportation costs on feed grain and other feed from Fort William or Port Arthur to points in Eastern Canada.

In determining the price of farm products, it is obvious that the maximum price cannot be based upon the individual selling prices of individual farmers, which is the method applied to factories and stores. Instead, the Wartime Prices and Trade Board will determine maximum prices for certain farm products on the basis of maximum market prices during the four-week period ending on October 11 last.

Other special adaptations may be found necessary. Thus, in the case of farm products whose prices rise and fall seasonally, the setting of maximum prices may also require the setting of minimum prices, or action to remove temporary surpluses from the market. In most cases, however, the demand for food products, especially the export demand, is so great as to assure that prices will not fall much, if at all, below the maximum. For example, in the cases of bacon and cheese, reasonably stable prices have been or will be assured under large-scale agreements with the United Kingdom.

The Wartime Prices and Trade Board will, before November 17, take the necessary action, or advise the Government as to the steps which should be taken, to achieve these objectives without violating the basic principle of the general price-ceiling.

Control of Prices and Wages an Essential of War Policy

The comprehensive measures which I have just outlined constitute a logical development of the economic and financial policy initiated by the Government at the outset of the war. But we must bear in mind that the control of prices, by itself, will not ensure the cutting down of consumption, and it will only indirectly affect the direction of private spending. Other measures are required to safeguard adequate supplies of commodities needed by the Government for war purposes. To give direction to private spending, definite restrictions have already been imposed on both production and consumption.

Restrictions have already been placed on the purchase of machine tools, aluminum and other metals, iron and steel, foreign exchange; on the production of automobiles, stoves, washing machines, refrigerators, radios; on the sale of gasoline, bacon and cheese. Restrictions have also been placed on new construction for purposes other than war and on the production of capital goods. These restrictions have been directed against the use of scarce commodities by civilian consumers. More recently there has

Right Hon. Mr. DANDURAND.

been a significant broadening of this policy of restriction through the order of the Wartime Prices and Trade Board relating to instalment buying.

Further restrictions will have to be imposed from time to time. These direct controls of production and consumption are essential to the development of war production. They have, however, contributed to the scarcity of civilian goods and have, therefore, been one of the factors contributing to the rise in prices which the Government is now undertaking to control. Steps may have to be taken to see that the necessities of life are fairly distributed.

In embarking upon the policy of price control by means of a general ceiling on prices, the Government realizes that it will not be possible to maintain the exact price structure, in every particular, as it exists at the date on which the prices are to be fixed. The ceiling will not be absolutely rigid and entirely unchangeable. The control and stabilization of the general price level is the considered policy, but the detail will be a matter of administration in the hands of the Wartime Prices and Trade Board.

Co-operation on the Part of All Essential to Success

Let me repeat: The policy of control as it affects industry, commerce, agriculture and labour, demands a degree of restriction to which Canadians hitherto have been quite unaccustomed. It will demand qualities of self-discipline and self-control. It will need, as it deserves, the whole-hearted support of everyone who has the well-being of his fellow-citizens at heart. In these perilous times, we must not shrink from any course of action which will help to preserve and strengthen the morale of our country.

By its policy the Government hopes to avoid the fears, the sense of insecurity, the suffering and the profiteering which the inflation of prices inevitably brings in its train. The measures now being announced should help in the winning of the war, and, after the war, facilitate recovery and reconstruction.

This policy enunciated by the Prime Minister was embodied in Order in Council P.C. 8527, dated November 1, 1941, which I also desire to place on Hansard:

P.C. 8527

Privy Council
Canada

At the Government House at Ottawa

Saturday, the 1st day of November, 1941.

Present:

His Excellency

The Governor General in Council:

Whereas the steadily increasing need by Canada and her Allies for the necessities of war has diverted and will further divert a broad range of materials and services from the requirements of Canadian consumers to the requirements of war;

And Whereas such diversion and the increasing purchasing power of consumers will, if unchecked, create undesirable inflation of prices and accompanying increase in the cost of living which may be followed by undesirable depression when such diversion ceases;

And Whereas therefore it is deemed to be necessary and advisable for the security and

welfare of Canada that maximum prices for all goods and services in Canada be fixed and that the regulations hereinafter set forth be made and established;

And Whereas it is expedient and in the national interest that such regulations be administered by the Wartime Prices and Trade Board under its powers conferred by the Wartime Prices and Trade Regulations;

Now, therefore, His Excellency the Governor General in Council on the recommendation of the Minister of Finance and under and by virtue of the powers conferred on the Governor General in Council by the War Measures Act, Chapter 206, Revised Statutes of Canada, 1927, and otherwise, is pleased to make the following regulations and they are hereby made and established accordingly:

Regulations

Title

1. These regulations and any amendment or addition thereto may be cited as The Maximum Prices Regulations.

Interpretation

2. (1) For the purposes of these regulations, unless the context otherwise requires,

- (a) "basic period" means the four weeks from September 15, 1941, to October 11, 1941, both inclusive;
- (b) "Board" means the Wartime Prices and Trade Board;
- (c) "goods" includes any articles, commodities, substances or things;
- (d) "order" means an order of the Board;
- (e) "price" includes the price of goods and the rate, rental or charge for the hire or use of any goods or for the supplying of any services, and the Board shall be the sole judge of what shall constitute or be included in any price, rate, rental or charge;
- (f) "regulation" means any of these regulations;
- (g) "requirement" means any written notification by the Board to any person requiring performance by such person of any specified act or requiring such person to refrain from performing any specified act;
- (h) "sale" includes sales, dispositions, exchanges, leases and other transfers of goods, the supplying or performing of services, and contracts to do any of the foregoing; and the words "sell", "seller", "buy", "buyer", and "purchase" shall each have a similarly extended meaning;
- (i) "services" means the following specified services and any services associated therewith or ancillary thereto, and also any activities or undertakings that may hereafter be designated by the Board as services for the purposes of these regulations;
 - (i) the supplying of electricity, gas, steam heat and water;
 - (ii) telegraph, wireless and telephone services;
 - (iii) the transportation of goods and persons, and the provision of dock, harbour and pier facilities;
 - (iv) warehousing and storage;
 - (v) undertaking and embalming;

- (vi) laundering, cleaning, tailoring and dressmaking;
- (vii) hairdressing and beauty parlour services;
- (viii) plumbing, heating, painting, decorating, cleaning and renovating;
- (ix) repairing of all kinds;
- (x) the supplying of meals, refreshments and beverages;
- (xi) the exhibiting of moving pictures.

(2) His Majesty in right of the Dominion of Canada or in right of any province thereof shall be bound by the provisions of these regulations.

Maximum Prices

3. (1) No person shall, on or after November 17, 1941, sell or supply or offer to sell or supply any goods or services at a price that is higher than the maximum price for such goods or services as provided in these regulations, unless otherwise permitted under the provisions of these regulations.

(2) The maximum price at which any person may sell or supply any goods or services shall be the highest lawful price at which such person sold or supplied goods or services of the same kind and quality during the basic period; provided, however, that any differences in price which he has customarily and lawfully allowed to different classes of buyers or for different quantities or under different conditions of sale and which result in a lower net price per unit of goods or services shall be continued.

(3) The maximum price at which any person may sell or supply any goods or services of a kind or quality not sold or supplied by him during the basic period shall be the same as the maximum price of goods or services of a substantially similar kind and quality sold or supplied by him during the basic period; and in any case in which the question arises as to the lawful price for any such goods or services the onus of proving the existence and extent of any relevant and substantial similarity or dissimilarity alleged by the seller or supplier shall be upon him.

(4) Nothing in this section shall be construed so as to prevent any person from selling, supplying or offering to sell or supply any goods or services at a price lower than the maximum price.

(5) Where a contract to supply any goods or services was entered into prior to the basic period or subsequent to the basic period but prior to November 17, 1941, at a price higher than the maximum price as provided in these regulations, the price for any goods or services supplied under such contract on or after November 17, 1941, shall be reduced to such maximum price.

(6) No person shall impose any terms or conditions of sale, or alter any terms or conditions of sale imposed or agreed to by such person during the basic period or customarily imposed or agreed to by such person, in such way as to increase the price of any goods or services.

(7) For the purposes of these regulations, each separate place of business of a seller or supplier shall be deemed to be a separate seller or supplier.

(8) Nothing contained in these regulations shall be deemed to supersede any provision of any order heretofore made by the Board or to derogate from any power conferred on the

Board by the Wartime Prices and Trade Regulations and, without restricting the generality of this provision, the Board, in its discretion, may vary any maximum price, may prescribe other or additional terms or conditions of sale, may exempt any person or any goods or services or any transaction wholly or partly from the provisions of these regulations, and may withdraw any such exemption or any exemption contained in section 4 of these regulations, either generally or in specific cases and subject to such terms and conditions as the Board may prescribe.

4. The provisions of section 3 of these regulations shall not apply with respect to:

- (a) any sale of goods for export where such export is made by the seller or his agent;
- (b) any sale to the Department of Munitions and Supply or any agency thereof;
- (c) the sale by any person of his personal or household effects;
- (d) isolated sales of goods or services by any person not in the business of selling or supplying such goods or services;
- (e) bills of exchange, securities, title deeds and other similar instruments;
- (f) sales of goods by auction in cases where such procedure is the normal practice and is followed in good faith and without any intention of evading or attempting to evade the provisions of these regulations;
- (g) any price fixed by the Board, or fixed or approved by any other federal, provincial or other authority with the written concurrence of the Board.

5. (1) Where under any other law any federal, provincial or other authority has jurisdiction with respect to prices, or with respect to the supplying of or trading in goods or services, such jurisdiction shall not be deemed to be superseded by these regulations or by any action of the Board, except that any action heretofore taken or that may hereafter be taken under such jurisdiction which is repugnant to any of the provisions of these regulations or to any action of the Board pursuant to its powers shall be of no force or effect so long as and to the extent that it is so repugnant.

(2) No such federal, provincial or other authority shall fix or approve any specific, minimum or maximum prices or markups in respect of any goods or services without the written concurrence of the Board.

6. Unless otherwise permitted under the provisions of these regulations, no person shall have any right to enforce or receive payment of any amount in excess of the maximum price that may lawfully be charged and any person who pays such an excess may recover the amount thereof, notwithstanding that such person may have been guilty of an offence in paying such excess.

7. No person shall buy or pay for or offer to buy or pay for any goods or services at a price which he knows or has reason to believe is higher than the maximum price which may lawfully be charged by the seller or supplier of such goods or services pursuant to these regulations.

8. Any person who contravenes or fails to observe any of these regulations or any order or requirement of the Board, or who enters into any transaction or arrangement designed for the purpose or having the effect of evading

Right Hon. Mr. DANDURAND.

any provisions of these regulations, shall be guilty of an offence and liable, upon indictment or upon summary conviction under Part XV of the Criminal Code, to a penalty not exceeding five thousand dollars, or to imprisonment for any term not exceeding two years or to both fine and imprisonment; and any director or officer of any company or corporation who assents to or acquiesces in any offence by such company or corporation against any such regulation, order or requirement shall be guilty of such offence personally and cumulatively with the said company or corporation.

9. These regulations shall be read and construed as one with the Wartime Prices and Trade Regulations.

A. D. P. Heeney,
Clerk of the Privy Council.

I should also like to place on Hansard the Order in Council passed October 24, 1941, dealing with wartime wages, and the broadcast explaining this Order, made by Hon. N. A. McLarty, Minister of Labour, on October 24, 1941:

Whereas the Minister of Labour reports that in order to achieve a stabilization of wage rates at fair and reasonable levels, in the interest of the war effort, it is necessary to extend the provisions embodied in P.C. 7440, of December 16, 1940, as amended by P.C. 4643, of June 27, 1941, to cover substantially all employers and employees; and

That it is necessary to provide administrative machinery for the more effective development of a wartime wages and labour policy.

And whereas the Minister of Labour, therefore, recommends that Order in Council P.C. 7440, of December 16, 1940, as amended by Order in Council, P.C. 4643, of June 27, 1941, be revoked, effective the fifteenth day of November, 1941, and a new Order, as hereinafter set forth, made in substitution thereof.

Now, therefore, His Excellency the Governor General in Council, is pleased to revoke Order in Council, P.C. 7440, of December 16, 1940, as amended by Order in Council, P.C. 4643, of June 27, 1941, and it is hereby revoked, effective November 15, 1941.

His Excellency in Council, under the authority of the War Measures Act, Chapter 206, Revised Statutes of Canada, 1927, is further pleased to make the following Order, and it is hereby made and established in substitution for the said Order in Council, P.C. 7440, as amended,—

ORDER

1. This Order may be cited as the Wartime Wages and Cost-of-Living Bonus Order.

Interpretation

2. In this Order, unless the context otherwise requires:

"Employer" includes any person, firm or corporation

(i) subject to the provisions of the Industrial Disputes Investigation Act as extended by Order in Council, P.C. 3495, of November 7, 1939, as amended; or

(ii) engaged in building or other construction work and employing ten or more persons; or

(iii) employing fifty or more persons;

but shall not include

- (i) any department or agency of the Government of Canada subject to the provisions of Order in Council, P.C. 6702, of 26th August, 1941, as amended; or
- (ii) any department or agency of any provincial government or any municipality; or
- (iii) any person, firm or corporation engaged in agriculture, horticulture, fishing, hunting or trapping; or
- (iv) any hospital or religious, charitable or educational institution or association operated on a non-profit basis.

Constitution of the National War Labour Board

3. (1) There shall be a National War Labour Board (hereinafter referred to as the National Board), which shall consist of a Chairman and four or more members, representing employers, and four or more members, representing employees.

(2) The Chairman shall be appointed by the Governor in Council and shall hold office during pleasure.

(3) The members of the National Board shall be appointed by the Governor in Council on the recommendation of the Minister of Labour, after consultation with the National Labour Supply Council and shall hold office during pleasure.

(4) The head office of the National Board shall be at Ottawa.

(5) A majority of the members of the National Board shall constitute a quorum.

(6) There shall be an executive committee of the National Board which shall consist of the Chairman and two other members to be selected by the National Board, which shall exercise such powers as may be conferred upon it by the by-laws.

(7) The members of the executive committee shall be paid such salaries as may be fixed by the Governor in Council.

(8) The members of the National Board who are not members of the executive committee shall be paid such per diem allowance and such allowance for expenses as may be fixed by the Governor in Council.

Staff

4. (1) The National Board may appoint an officer to be the chief executive officer of the National Board who shall be paid such salary as may be fixed by the Governor in Council.

(2) The Department of Labour shall furnish such technical and clerical assistance to the National Board as may be possible and the National Board, with the approval of the Governor in Council, may employ such other officers and employees as may be necessary for the conduct of its business and may, with such approval, fix their remuneration.

Powers of National Board

5. (1) The National Board shall be charged with

- (a) the administration of this Order and P.C. 7679 of the 4th October, 1941;
- (b) the administration of the Fair Wages and Hours of Labour Act, 1935;
- (c) the supervision of the Regional War Labour Boards, established under the provisions of this Order; and
- (d) such other duties as may be imposed upon it by the Governor in Council or by the Minister of Labour.

(2) The National Board shall, as directed by the Minister of Labour, investigate wage conditions and labour relations in Canada and shall from time to time make such recommendations as it may deem necessary in connection therewith, having regard to the principles enunciated in P.C. 2685 of the 19th June, 1940.

6. (1) The National Board shall have all the powers and authority of a Commissioner appointed under Part I of the Inquiries Act, Chapter 99 of the Revised Statutes of Canada, 1927.

(2) The Chairman or any member of the National Board may administer oaths.

By-Laws

7. (1) The National Board may make such by-laws as may be necessary

- (a) to enable it to carry into effect the duties imposed upon it by this Order;
- (b) to confer upon the executive committee of the National Board power to act for it as set out in the by-laws;
- (c) to provide for the supervision and control of its officers, clerks and employees; and
- (d) to empower Regional Boards to carry out any duties or responsibilities imposed upon them in connection with the administration of this Order.

(2) No such by-laws shall come into force and effect until approved by the Minister of Labour and no alteration, modification or repeal of any such by-laws shall have any force or effect until so approved.

Regional War Labour Boards

8. (1) There shall be five Regional War Labour Boards (hereinafter referred to as Regional Boards), each of which shall consist of a Chairman and two or more representatives of employers and two or more representatives of employees.

(2) One such Regional Board shall be appointed for the Maritime Provinces, one for the Province of Quebec, one for the Province of Ontario, one for the Provinces of Manitoba, Saskatchewan and Alberta, and one for the Province of British Columbia.

(3) The Chairman of the Regional Board for Quebec, for Ontario and for British Columbia shall be the Ministers of Labour of these Provinces, respectively.

(4) The Chairman of the Regional Board for the Maritime Provinces shall be a Minister of Labour from one of the said Provinces who shall be chosen by the Ministers of Labour of the three Provinces concerned.

(5) The Chairman of the Regional Board for the Provinces of Manitoba, Saskatchewan and Alberta shall be a Minister of Labour from one of the said Provinces who shall be chosen by the Ministers of Labour of the three Provinces concerned.

(6) The Chairman of each Regional Board may designate a person to be Vice-Chairman thereof to preside over the Regional Board in his absence.

(7) The members of the Regional Boards representing the employers and employees shall be appointed by the Governor in Council on the recommendation of the Minister of Labour, after consultation with the National Labour Supply Council and the Ministers of Labour

of the Provinces concerned, and the head office of each Regional Board shall be at such place as may be determined by each Regional Board.

(8) The majority of the members of each Regional Board shall constitute a quorum of the Regional Board.

(9) The members of the Regional Board representing the employers and the employees shall be paid such per diem allowance and such allowance for expenses as may be fixed by the Governor in Council.

(10) Each Regional Board may appoint an executive officer to be chief executive officer of the Regional Board and such officers shall be paid such salary as may be fixed by the Governor in Council.

Powers of Regional Boards

9. (1) A Regional Board shall be charged with such duties and responsibilities as may be assigned it by the National Board.

(2) A Regional Board shall have all the powers and authority of a Commissioner appointed under Part I of the Inquiries Act, Chapter 99 of the Revised Statutes of Canada, 1927.

(3) The Chairman or any member of a Regional Board may administer oaths.

Expenses

10. The administrative expenses of the National Board and of the Regional Boards, other than the salaries and usual travelling expenses of Dominion and provincial officials, shall be paid out of the War Appropriation.

Wage Rates

11. (1) Except on written permission of the National Board, as herein provided, no employer shall increase the basic scale of wage rates paid by him at the effective date of this Order.

(2) If the National Board finds that any employer's basic scale of wage rates is low as compared with the rates generally prevailing for the same or substantially similar occupations in the locality or in a locality which in the opinion of the National Board is comparable, it may prescribe such increased wage rates as it finds fair and reasonable.

(3) If the National Board finds any employer's basic scale of wage rates is enhanced as compared with the rates generally prevailing for the same or substantially similar occupations in the locality or in a locality which in the opinion of the National Board is comparable, it may order that the cost-of-living bonus hereinafter provided, shall be deferred for such period or adjusted to such amount as it finds fair and reasonable.

Cost-of-Living Bonus

12. Except as otherwise provided by sections 11 and 13 of this Order, every employer shall pay to all his employees, other than those occupying positions above the rank of foreman or comparable ranks, a wartime cost-of-living bonus based on the increase in the cost of living, as measured by the cost-of-living index for the Dominion as a whole prepared by the Dominion Bureau of Statistics, and payable for each payroll period at the same time as wages are paid for such period, unless where mutually agreed to be paid monthly, as follows:

(a) Effective for the first payroll period beginning on or after November 15, 1941, each employer who has been paying a

bonus pursuant to P.C. 7440 of 16th December, 1940, as amended, shall add to the amount of such bonus an amount based as hereinafter provided on the rise in the index number for October, 1941, above the most recent index number used to determine the current amount of such bonus.

(b) Effective for the first payroll period beginning on or after February 15, 1942, each employer who is not then paying a bonus in accordance with the provisions of this order shall pay a bonus in an amount based as hereinafter provided on the rise in the index number for January, 1942, above the index number for October, 1941, or for such earlier month, not earlier than the effective date of the last general increase in wages paid by him and not earlier than August, 1939, as the National Board finds fair and reasonable.

(c) The rise or fall in the index shall be measured in points, to the nearest one-tenth of one point, after the index has been adjusted to the base of 100.0 for August, 1939.

(d) For each rise of one point in the index, the amount of the bonus or the increase in the amount of the bonus, as the case may be, and for each fall of one point in the index, the decrease in the amount of the bonus, shall be:—

(i) twenty-five cents per week for all adult male employees, and for all other employees employed at basic wage rates of twenty-five dollars or more per week, and

(ii) one per cent of their basic weekly wage rates for male employees under twenty-one years of age and female workers at basic wage rates of less than twenty-five dollars per week.

(e) The amount of the bonus shall be redetermined every three months (viz. effective for the first payroll periods beginning on or after the fifteenth day of the months of February, May, August and November, respectively) on the basis of the change in the cost of living shown by the index number for the immediately preceding month (viz. January, April, July and October) as compared with the index number on which the last previous change in the amount of the bonus was based. The amount of the bonus shall not be changed unless the cost of living has changed one whole point or more. Whether the bonus shall be changed, and, if so, the increase or decrease in its amount, as the case may be, shall be determined and announced by the Board in accordance with the provisions of this subsection and subsections (c) and (d) of this section.

(f) The bonus shall be payable only with respect to employment at basic wage rates, not including overtime. For any pay period during which an employee is employed and paid for less than the normal full time hours of work at basic wage rates he shall be paid that proportion of his full time bonus which the number of hours he actually worked at basic wage rates is of the normal full time hours of work in that period.

Right Hon. Mr. DANDURAND.

(g) In case of any dispute as to whether in any case a bonus is payable and the amount of such bonus, the National Board shall determine the matter in dispute and its determination shall be final and binding on the employer and employees concerned.

13. Any employer may apply to the National Board for exemption from the payment in whole or in part of the said bonus, and, if it be clearly shown to the National Board that such employer is financially unable to pay the said bonus, the National Board may authorize the partial payment or non-payment of the bonus subject to such terms and conditions as it may deem advisable.

Penalty

14. Any employer, or officer or agent thereof, who employs any person upon terms which involve a violation of any provision of this Order, or contravenes or fails to observe any of the provisions hereof, or of any order or direction of the National Board or of a Regional Board, shall be guilty of an offence and liable on summary conviction to a fine of not less than one hundred dollars nor more than five thousand dollars.

15. The Minister of National Revenue shall disallow as an abnormal expense pursuant to section 8 (b) of the Excess Profits Tax Act, Chapter 32 of the Statutes of 1940, and subsection (2) of section 6 of the Income War Tax Act, the amount of any wages or bonus payments found to have been paid or certified to him by the National Board as having been paid in excess of the amounts herein prescribed.

General

16. Any provision of any collective labour agreement which is inconsistent with the provisions of this Order shall be brought into conformity with this Order not later than January 1, 1942. Any agreement so modified, and any other condition of work otherwise suspended in the interest of war production shall be fully restored on the termination of the present war. The National Board shall maintain a record of all such modifications and suspensions.

17. Except with respect to the determination of wage rates and cost-of-living bonuses this Order shall not affect the conduct of the business of the National Joint Conference Board of the Construction Industry.

18. This Order shall supersede any inconsistent provisions of any Dominion law, order or regulation, but nothing in this Order shall deny to employees cost-of-living bonus or other benefits to which they were entitled up to November 15, 1941.

19. This Order shall be effective on and after the 15th day of November, 1941.

A. D. P. Heeney,

18-1 Clerk of the Privy Council.

BROADCAST OF OCTOBER 24, 1941, BY HON.
N. A. McLARTY, MINISTER OF LABOUR

Before the commencement of the war the labour policy of this country was necessarily largely directed to the question of the relief

of unemployment. We were emerging from a depression—a depression period during which the Dominion, provincial and municipal governments spent nearly one billion dollars to relieve the situation caused by the existence of this unemployment condition.

During that period relief camps were established, provision was made for the transfer of workers, many helpful measures to assist unemployed were instituted, not alone for the benefit of unemployed, but in the general interest of the State.

The advent of the war brought about an entirely different condition.

It became immediately evident that the whole man-power of this country, in co-operation with the other nations who were members of the British Commonwealth of Nations, would have to be concentrated in an effort to crush the present totalitarian menace to our democratic way of life.

Where we had heretofore required to deal with unemployment, it became obvious—in fact, inevitable—that employment would increase to a degree that would require the services and the assistance of every man and woman in Canada.

This increased demand for man-power will continue to increase. Since August, 1939, the number employed in industry has increased from 2,300,000 to 3,100,000—an increase of over 800,000, or 35 per cent—and it will increase still further.

There is, too, another factor. In our war services—our Army, our Navy, and our Air Force—we have enlisted an additional 500,000 men. This number, too, will inevitably increase.

But this does not tell the whole story. Our present and immediate war-time effort will be increased and the demand for labour will be greater. It is the expressed opinion of the Minister of Munitions and Supply that by next spring the number employed in industry will be increased, and increased very materially. It is fair to say that the present increase of those employed in industry, while great, will be substantially increased by those who will ultimately be employed in our war industries.

This gives the picture of our existing conditions and their great demand for labour—a demand which is necessarily increased by reason of the man-power requirements in our war services.

I should like to tell you that in the matter of training for industrial employment, the Department of Labour is engaged in training skilled labour in large numbers for both industry and the armed forces; and to-day there are being trained over 100,000 men and women a year.

There is no question, however, that this definite demand for labour in industry has produced a situation with which the Government has required to deal. It required to deal with it for one very essential reason; namely, we are at war with the most vicious and unscrupulous enemy of labour and all those principles that labour stands for that the world has ever known.

This must be borne in mind, that any legislation passed under the War Measures Act exists only until this war has been won. There is specific provision in this particular Order dealing with wartime wages, that the National War Labour Board will maintain a

record of all the rights, the terms and conditions which labour gives up during the war-time period. This is for the purpose that these concessions which labour makes will be restored in a generous manner when the war is over and the victory has been won.

The fact that we are at war is admittedly the sole and only justification for Government interference with the operation of the economic law of demand and supply and with the privileges which labour has won over a period of the last one hundred years. Except for the existence of war there could be no justification.

But there are fundamental reasons why this Order stabilizing wages should be passed at this time.

They may be summarized as follows:

In the first place, it is the intention of the Government that wage earners in this country will enjoy real, and not merely nominal or imaginary, wages. A situation developed during the last war that while wages increased substantially, at no time did wages rise as rapidly as the cost of living. In other words, a dollar was not really a dollar, because its purchasing power was much less than the previous purchasing power which the dollar enjoyed.

2. Wages will be stabilized on an extremely fair basis. Provision has been made, too, that wage rate levels at present prevailing shall not be decreased.

3. It has been provided, too, by the Order that a National War Labour Board shall be set up to administer and enforce the general principles of the Order, and such Board shall be equally representative of both labour and industry.

4. It should, too, be borne in mind that any ceiling placed on wages does not prevent an increase in wages that are, in the opinion of the Board, too low.

5. It should also be remembered that important as this Order is respecting wages, it is one of several measures outlined by the Prime Minister on Saturday last, which the Government of Canada proposes to take to stabilize not only wages, but prices which regulate and control the cost of living.

The principles governing the present Order in Council are as follows:

1. It extends Order in Council commonly known as 7440, providing for wage stabilization, to all industry and does not confine it as heretofore to war industry alone. There are certain limitations placed in the measure on the volume of employment in any industry; namely: the Order will apply to the construction industry if it employs ten or more persons. In other industries it will apply if fifty or more are employed.

Secondly, it makes the cost-of-living bonus mandatory, and such bonus must be paid by all industries. Definite periods for the payment are provided in the Order.

There is one exception, and one only, to this mandatory provision; that is, where any employer can clearly show the National War Labour Board that it is unable to pay such cost-of-living bonus. In this event the Board will have the power to direct that the payment shall be deferred, but it will be subject, however, to such terms and conditions as the Board may determine.

Thirdly, penalties are provided in the event of non-compliance by any employer with the terms of the Order.

Right Hon. Mr. DANDURAND.

Fourthly, definite machinery, in the form of the National War Labour Board, is provided to secure the due enforcement of the provisions of the Order.

It is obvious that the extension of this Order to all industry necessarily involved the consideration of the matter of provincial rights. On that account, on October 14 last, the Ministers of Labour of the various provinces were invited to come to Ottawa with a view to ascertaining if they were prepared to so co-operate. They then expressed the view that in their belief such co-operation would be very helpful in our war effort; and they once again reiterated the stand which they have always taken in labour matters—namely, that they would assist the Dominion Government in every possible manner in the prosecution of the war.

They were not asked to execute any formal agreement. They were asked if co-operation could be secured in the establishment of Regional Boards necessary to carry out the terms of the Order. To this no objection was raised.

But until this assurance was received from the provincial Ministers of Labour, no one else could possibly have been consulted. In the improbable event of their refusing such co-operation, it would be futile to discuss the policy with representatives of either labour or industry.

However, on the day following such meeting with the provincial Ministers of Labour, the Prime Minister and myself met the following labour representatives; the President of the Trades and Labour Congress, the Vice-President of the Railway Brotherhood, the President of the Canadian Congress of Labour, and the President of the Confederation of Catholic Workers. The Prime Minister advised them as to the general policy the Government had given consideration to and in the general interest of the country proposed to adopt. He stated that it was the wish of the Government that the various measures which it was proposed to enact would be calculated to prevent any undue inflationary spiral. He further stated that such measures would operate to the benefit of not only the working people of Canada but, as well, to the housewives, to the consumers, to industry and to every other section of our population. That would assist not only during the wartime period, but as well in the aftermath of the war.

The labour representatives suggested that in view of the importance of the proposed legislation it might be desirable to submit the proposals to the National Labour Supply Council. This recommendation was adopted and on the next day the proposed Order was submitted to the Council.

Certain amendments to the Order were suggested by the Council and a number of such were adopted. Certain amendments, on the other hand, were suggested to the Order which the Government felt it would be undesirable to adopt.

It has been suggested that insufficient time was given for consultation with those who were affected by the Order. The Government, however, must in the last analysis assume responsibility for its policies. And I have indicated the measure of consultation which the Government had with those most interested in the adoption of the policy.

It is the hope of the Government that the adoption of the present measures calculated to check this spiral of inflation will be generally helpful to all our citizens. As the Prime Min-

ister pointed out, any legislation of this kind requires the good will and the general support of the people of this country. The Government believes that this legislation is in the general public interest and will help in the winning of this war. Its acceptance by labour, by industry, by agriculture, by consumers, by housewives, by all others affected, will be of tremendous benefit and will insure its success.

The Government has received a wide measure of co-operation from labour. The fact that this is so is shown when I state that there is not in this country to-day one single strike in any war industry. Labour must be given the credit for this condition.

For example, we had a slow-down in the coal-mining industry in Nova Scotia. To-day that industry is producing more coal than at any previous time in the history of the province.

And there should not be any such thing as a strike in any industry connected with the war. Whatever wrong thing might generate a strike in war industry is a monstrous thing and must be dealt with.

The steady advance of the terrors of slavery and of Nazi-ism has marked the progressive march over many peaceful lands. It has not only knocked down the gates of the powerful, but it has torn down and burned the little shrines, the hard-won, the painfully guarded, the pitiful little treasures of the poor, the meagre necessities of life of those many who in every country in the world make that country what it is. It has been well said that "The nation in every country dwells in the cottage."

Daily, since September, 1939, that tramp, tramp, tramp has resounded clearer as it has come closer to our own sheltered homes—our homes under safe roofs and under less threatening skies. It has also come much closer to those who went from our sheltered homes across the seas to meet it, to defy it, to conquer it, and to still it for ever.

We now have heavy taxation of all profits to promote the common cause. No longer may any man in Canada become rich by the exploitation of his fellow men.

We have agreed to limit the rise of prices. We are pegging them down. We have fixed them so that wages will be real wages and not nominal wages, eaten up and devoured by higher prices.

We are at this time trying our best to introduce provisions safeguarding the workers of this country so that increases in the cost of living, no matter from what cause, shall be charged to the work and not to the worker.

And I know, and you know, that there is no fair-thinking man in Canada but believes at this time that any interruption in our war work—whether caused by greed, or by the petulance of insulted prestige, or by the elbowing of selfish men, in unions or out of them—or from whatever other cause—will call down the righteous wrath of a whole nation.

The first duty of any nation is the duty to survive!

That survival is definitely challenged by our enemies. Will we not through the perilous and uncertain years to come—without halting, without pausing or faltering—meet that challenge? Will we not meet it, and beat it back, and beat it down? We may then, all of us together as a great nation, united in a common cause, look forward to better and to greater things, with hope, with optimism, and with a forthright determination to perform our duty and be unashamed.

I believe that it will be useful to honourable senators to have these documents in Hansard, for, in my opinion, they are of very great importance and represent the most extraordinary policy ever propounded in a democratic country for the control of prices and wages, which, as honourable gentlemen know, go together.

Hon. W. H. DENNIS: Honourable senators, while I have the greatest possible respect for the broadcasting system of this country, and am myself interested in broadcasting to a small extent, I would respectfully suggest that the press services of this country and the newspapers should be included with the broadcasting corporation in view of the fact that virtually every newspaper in Canada carried the Prime Minister's speech.

Right Hon. Mr. DANDURAND: I accept my honourable friend's suggestion and will call the speech, not merely a radio address, but a national broadcast. The idea which prompted me to ask for its incorporation in Hansard was that the policy of the present Government was expressed by the Prime Minister in a most important statement transmitted by radio, and, as my honourable friend will appreciate, if it were not placed on record in the Senate this Chamber would have no official notice of it. Radio broadcasting is, of course, a development of modern times. The Prime Minister felt that in order to hasten the application of the new policy, which everybody was awaiting, the public should be apprised of it as soon as possible, because, after all, it is the public who will have to co-operate in the policy and stand the resultant imposition. This explains the Prime Minister's action. The new policy, though a surprise, was welcomed by everybody. The United States have not dared to propound a similar policy, but are working towards it, though with some timidity. Perhaps they will approach it more rapidly because of our action.

Hon. C. C. BALLANTYNE: Honourable senators, I am sure no one on this side of the House will object to the reference which has been made to the appearance on our records of these important statements by the Prime Minister and the Minister of Labour. Personally I agree with the action taken. As the right honourable leader has just said, it is the most important piece of legislation that has ever been introduced in this country during the long history of the Parliament of Canada, or, possibly, in any other country. I think the measure has been favourably received throughout the Dominion. The one thing which astonishes me and other members of this Parliament is that a measure of such great import-

ance should have been rushed through under the War Measures Act, instead of being introduced in Parliament, in the regular way, so that it could be fully debated by the 245 members in another place who represent the various districts of Canada. The measure is full of difficulties. If it had been introduced in another place and thoroughly discussed there the Government would have obtained a lot of valuable information, which would have eased the task of those who have the great responsibility of seeing that the legislation is carried through in every detail. I can imagine what the Prime Minister would have said if the party to which I belong had been in power and passed legislation of this kind. We should have heard a great deal about the supremacy of Parliament, the flouting of Parliament, and so on.

I do not wish to dwell at any length on these points, but I do seriously say it is to be regretted that the measure was not introduced in the regular way in the other House, debated there and then brought here. Had that been done, the views of honourable senators would have been expressed in this House and in committee, and the whole matter considered in the way that all measures, especially one of this kind, should be.

Right Hon. Mr. DANDURAND. If my honourable friend will allow me, I would put a question to him. He knows that this legislation under the War Measures Act is very complex and detailed. It was prepared with great care by the heads of departments and other experts surrounding the Government, and given most serious study. Despite the threat of inflation, how long would this measure, full of difficulties as it is, have remained in the House of Commons before reaching here?

Hon. Mr. HARDY: Hear, hear.

Hon. Mr. BALLANTYNE: I can say this, that Parliament was only adjourned and could have been summoned in twenty-four hours. After all, under freedom and democracy Parliament has enjoyed certain liberties and powers, which we hope will be continued. I do think that this legislation would not have been delayed by either House an unduly long time, and I repeat that the discussions that would have arisen would have been of great value to the Government.

Hon. JOHN T. HAIG: Honourable senators, without going over the same ground as that covered by the honourable the acting leader on this side of the House (Hon. Mr. Ballantyne) I want to mention another point. The right honourable leader of the Government (Right Hon. Mr. Dandurand) said this

Hon. Mr. BALLANTYNE.

was a complex piece of legislation. Well, I think that complex legislation has come before this House and the other House many times.

Hon. Mr. BALLANTYNE: Hear, hear.

Hon. Mr. HAIG: So that answer does not lie. The measure was announced only two or three days ago, and Parliament was to reconvene to-day. There was no reason why it could not have been introduced in another place, dealt with there and then brought to this House. In another place there is machinery which makes it possible to avoid long delays with legislation if the Government wants to avoid them. So the right honourable gentleman's answer on that point also does not lie. It is remarkable that the Government did not take the proper course to ensure full publicity being given to the provisions contained in the Order in Council. Such publicity would have been assured had those provisions been presented to Parliament, for the discussion of them in the House of Commons and in this Chamber would have appeared in the newspapers, and the public would have been in a position to understand what was being done.

After perusing the Order in Council very carefully I am not at all sure that it can be enforced. I can understand that if, to meet the urgent need for munitions and war equipment, you restrict the production of domestic goods to 85 per cent of the maximum production in pre-war years, prices will rise in consequence. We were told both in Parliament and in the country that the purpose of the tremendous increase in our income tax and the imposition of a defence tax of 5 per cent, later increased to 7 per cent, was to control excess profits and wages and restrain, if not prevent, the spending of money on goods of various kinds. One theory or the other must be wrong, for if by taxation we take extra earnings from the public they will not have the money to spend on goods. In short, we cannot get it both going and coming.

I am persuaded that the public will take a long time to understand this legislation by Order in Council. Let me illustrate. I go into a little shop in Winnipeg where I have my shoes shined, and the men there say: "Oh, you are the fellow we want to talk to. What about that Unemployment Insurance Bill? We did not know we came under that Bill and had to pay unemployment insurance tax." I reply, "Well, it was discussed in Parliament and that discussion was reported in all the newspapers." They reply, "But we did not read that discussion." There will be greater ground for grievance in this case, for there has been no discussion in Parliament of the principle on which these Orders in

Council are based, and consequently the small merchants and dealers all over the Dominion have been given no opportunity to comprehend these measures. Now the Government is trying to remedy the condition by embodying the Orders in Council in Hansard. I think few members of the public read our debates. The people rely on the papers for all information dealing with what takes place in Parliament, and full opportunity should have been given for discussion of these matters both in this Chamber and in the other House. As my right honourable friend opposite (Right Hon. Mr. Dandurand) says, this is the most important measure ever dealt with by the Government of Canada. Yet this is effected by Order in Council on the eve of the re-assembling of Parliament. That in itself is bad enough, but in an attempt to bring this legislation by Order in Council to the notice of the people the Government is taking the very course which will fail to accomplish its purpose. While it is said that ignorance of the law is no excuse, every magistrate in the Dominion will be told by any person charged with infraction of the regulations contained in this Order in Council that the accused knew nothing about them. "But," it may be retorted, "this measure was printed in the Gazette." I am confident that not 10 per cent of our people receive the Gazette, and still fewer read it. There is no doubt, either, that only a very limited number of people get copies of our Parliamentary debates. The only recourse will be to go to a lawyer and ask him to explain the provisions—and he may misinterpret them. When income tax was first imposed the Government issued an explanatory pamphlet containing fictitious questions and answers. The present Government has also issued a book explaining the provisions of the income tax law. I suggest to the right honourable leader that the Government would have been wise to bring this measure before Parliament, where the discussion of it would have involved no undue delay. The press reports would have afforded the people full opportunity to understand its meaning. When the measure is put into force the Government will be confronted with tremendous opposition as compared with what would have been encountered had the matter been properly and fully discussed in Parliament.

The supposition that the eighteen members of the Government possess all the brains of this country is rather a slight on the other two hundred members of the House of Commons and the members of this Chamber. It implies that Parliament could not be entrusted with the legislation and therefore it had to be passed by Order in Council on the eve of the assembling of Parliament. We all want

to co-operate with the Government to carry out its policy, and I assure its members that nothing would help them so much as a full discussion in Parliament of the problems facing the country, for only in this way can the people appreciate what legislation is necessary to deal with those problems. The people are not being given that opportunity. We meet to-night with no business on the Order Paper. Some of us have come hundreds, others thousands of miles to be present. We may not be able to match the brains of the Government, but surely we have some rights as representing the people. Parliament has been ignored.

And what opportunity has the Government afforded labour to discuss this measure? A few representatives of labour were called in and a slight discussion took place, but the great body of labour had no chance whatever to discuss it, nor were their representatives in this and in the other House permitted to do so. Those who will be affected by this measure should have been given every opportunity to present their views.

I have no objection to the right honourable leader's request to place this Order in Council on Hansard, for it will be very convenient for us to have it on record there, but I seriously object to the degradation of Parliament—to its being treated as a mere rubber stamp. This, I submit, is what the passing of Orders in Council means, since there is not the slightest reason to follow this course on the eve of the assembling of Parliament.

Right Hon. Mr. DANDURAND: I hope my honourable friend will accept my pledge that the Government shall see that everyone is informed.

THE LATE SENATORS McMEANS, L'ESPERANCE AND WEBSTER.

TRIBUTES TO THEIR MEMORY

On the Orders of the Day:

Right Hon. RAOUL DANDURAND: Honourable senators, it is unfortunately my painful duty at the opening of every session, or after a recess, to register the loss of some of our colleagues. To-day I regret to have to announce the loss of Senator McMeans, Senator L'Espérance and Senator Lorne Webster.

Of the three, Senator McMeans was perhaps the longest among us. He did yeoman service by acting for a considerable number of years as Chairman of the Divorce Committee, at a time when that committee had to deal with nearly three hundred petitions in a session. He did so with a sense of sacrifice, because during those years he could not attend meetings of

committees that interested him far more than hearing evidence in support of applications for divorce.

On referring to the Parliamentary Guide I find that soon after going to Winnipeg to practise law he became interested in all those things that contribute to the welfare of a community. He served his country by raising a regiment which he himself commanded. He gave a son, Captain Ernest McMeans, to the State and to the Allies: the Captain fell in action at Festubert.

Senator McMeans was a member of the Legislature of Manitoba for a number of years, and in 1917 was summoned to the Senate.

I may say that it does not often occur that one of our ninety-six members introduces an important piece of legislation which creates somewhat of a revolution. I refer to the legislation which Senator McMeans was instrumental in getting enacted to permit appeals in criminal cases. The measure was based on the simple principle that since a litigant has a right of appeal if he feels aggrieved by a judgment which touches his possessions, a similar right should be accorded to one whose honour, liberty, even life itself, may be at stake. This legislation on our Statute Book will always stand to the credit of Senator McMeans.

We all liked his way of conducting business and dealing with his colleagues. I succeeded, I believe, in winning his friendship, and I am most unhappy to think that we shall see him no more in this Chamber.

Next to leave us was Senator L'Espérance. He was born in Montmagny. He began his career in the service of the Intercolonial Railway, but after some years decided to enter the commercial field, which to him presented a far more promising outlook. According to the Parliamentary Guide, he was a financier, a manufacturer, a well-informed business man, and also a director of the Banque Canadienne Nationale and many other institutions. He was highly regarded in the district which he represented in the House of Commons, and became an honoured citizen of the city of Quebec.

Senator L'Espérance had no enemies. In this Chamber he had but friends. His judgment was expressed here mainly in committees, though he sometimes spoke in the House, and what he said was always widely approved by his colleagues.

Senator Lorne Webster came from the city of Quebec, where he lived almost side by side with Senator L'Espérance. Senator Webster had the ability and enterprise to launch into big undertakings and carry them to success.

Right Hon. Mr. DANDURAND.

He was one of those persons with a genius for amassing wealth. I know it was his ambition to attain a high standard in the accumulation of wealth and a position of domination in other fields.

Some years ago a friend of mine who had amassed wealth was, at the age of sixty, entering into a corporation for whose success the responsibility would fall on his shoulders. I asked him why at his age, when he seemed to have acquired sufficient wealth for himself and his children, he should accept such a responsibility, and for the first time I learned a reason for assuming an obligation which I had thought I should not like to share—that of having to distribute huge sums of money. The answer of my friend surprised me, and it seemed to make sense. He said, "Well, the more wealth I accumulate the more power does it give to my elbow." In our days wealth would represent very little if it were not coupled with philanthropy. Senator Lorne Webster gave away large parts of his income in philanthropy, which should, and sometimes does, go hand in hand with wealth.

To the families of the departed senators I tender my most sincere sympathy. I am sure my feelings are shared by all honourable members of this Chamber.

Hon. C. C. BALLANTYNE: Honourable senators, I regret that my leader is not present to-night, because he is much more capable than I of speaking of our departed friends who have been so feelingly referred to by the right honourable leader of the House. I agree with the right honourable gentleman that such occasions as this are always tinged with sadness. We are sad because we have lost colleagues, because we have lost friends.

I never had the pleasure of meeting Senator McMeans until I came into this House, about ten years ago, but I may say that he was one of those senators who always gave new-comers a cordial greeting, and it was my good fortune to know him very well during more recent years.

Senator McMeans was of the rugged type of pioneer. He went to Winnipeg some sixty years ago, and to him much of the progress of the West is due. He gave of his time and money; he participated in affairs, civic, provincial and federal; and during the last war he raised the 222nd Battalion for overseas service, thus showing his great devotion not only to this country, but also to his King and the Empire. The right honourable leader has referred to the loss suffered by Senator McMeans when his son was killed in the last war—a loss which I know he felt very keenly.

Senator L'Esperance I held in very high esteem. During the time when I was Minister of Marine he was Chairman of the Quebec Harbour Board, and he certainly proved himself to be a most efficient chairman. We was so efficient that when he tendered his resignation I begged of him to continue a while longer; which he did, remaining for another year.

The career of Senator L'Esperance will be an inspiration to the youth of this country. As a young man he went to Chicago, where, I believe, he was a telegraph operator. He succeeded very well there, and while still a young man he returned to his native province and made an outstanding success in finance and business. He was a credit to himself and his race, and did a great deal not only for his native city, but also for the province of Quebec. He did amass a certain amount of wealth, but he was gifted with very deep charitable feelings and never refused any call, no matter what the denomination of the person or group might be. All I can say in conclusion is that his race is proud of him, Canadians are proud of him, and he will be greatly missed in this Chamber.

With Senator Lorne Webster I had the privilege of being very closely acquainted over a long term of years. He never told me how he succeeded in life, but one of his sons did. He started in a very small way, and by his ability, perseverance and sterling character he steadily made progress, year after year, until he headed the largest concern in a certain line of business that ever has been known in this country. He was connected with many other businesses and financial institutions. With regard to charities, there was no end to what he was prepared to do. He did a great deal anonymously, some of which is only now coming to light. He took a particular interest in the Brewery Mission, and in young people. Senator Webster certainly was of a sterling Christian character, and he brought up a family of whom anyone would be proud. I regret very much that at his age—for he was not very old—he should have so suddenly departed from us.

On behalf of honourable members surrounding me, and personally, I join with the right honourable leader in expressing sympathy to the families of the deceased senators.

Hon. Sir THOMAS CHAPAIS (Translation): Honourable members of the Senate, since we parted in June last death has continued to exercise its ravages among us. The honourable leaders of this House have just uttered eloquent eulogies of our colleagues who passed away during the recess. May I simply add a few words to the deserved tribute paid

to one of them, our lamented colleague from Quebec, the late Senator L'Espérance.

Mr. L'Espérance belonged to that enterprising and energetic class upon whom our English-speaking fellow-citizens bestow the significant appellation of "self-made men." Born at Montmagny of an old French Canadian family, he made an excellent course of studies at the Christian Brothers' school in his native town. Then, wishing to increase his range of knowledge and familiarize himself with a second language, he left for the United States, where he had the good fortune to find employment in the offices of the French consulate at Chicago. After a couple of years of this useful experience he returned to Canada, studied telegraphy and filled, one after another, various posts in the service of the Intercolonial Railway. Afterwards he entered the employ of a very large brokerage house, where he distinguished himself by his exceptional shrewdness, his quick perception and his sound judgment. These remarkable qualities brought him to the attention of the leaders of one of our great political parties, who asked him to take charge of their organization in the district of Quebec. He had then but one step to make to enter public life. That step he took in 1908 by becoming a candidate for election to the House of Commons in Montmagny, his native county. Unsuccessful the first time, he took his revenge in 1911 when he scored a notable victory over one of our most brilliant political men, Hon. Dr. Béland. His stay in the House of Commons was short. In 1916 his reputation as a capable executive marked him out for appointment to the important post of chairman of the Quebec Harbour Board. Finally, in 1917, he was called to this House, where his business experience, his level-headedness and his thorough gentlemanliness soon won him the high appreciation and esteem of all his colleagues.

The performance of his parliamentary duties brought no interruption to his intelligent activities in the field of business. He had acquired there a well deserved reputation which brought him the honour of being called to the chairmanship of important corporations and to the directorship of many public utility companies. In that field he had reached an outstanding rank.

Another aspect, perhaps less known, of Senator L'Espérance's life was his cultured mind. He had not had the advantage of acquiring what is commonly called a classical education, and his mind, eager for knowledge, felt the need of making up for that deficiency. He succeeded astonishingly well through extensive and profitable reading. He was a great

reader. Historical works, especially, exerted a powerful attraction upon him. I have seldom met a man who was so well informed upon the wonderful career of Napoleon, whose mistakes are not to be condoned, but a repetition of whose victories on European battlefields, at Austerlitz, Jena and Lutzen, we would so eagerly desire to witness in these tragic times. The hours thus snatched from business that Senator L'Espérance devoted to intercourse with writers were a joy and a rest to him.

A faithful member of this House, a business man dedicated to numerous and serious problems, our colleague, in spite of his advanced age, fulfilled all his duties with a truly admirable competence and punctuality. And no one among his fellow travellers on the highway of life could have anticipated his startlingly sudden demise.

Once again death has struck without warning. And it has taught us a new lesson. We can only abide by the sovereign decree, and express to the families of our departed colleagues the faithfulness of our remembrance and regret.

Hon. H. H. HORSEY: Honourable members of the Senate, I should like to say a few words in tribute to our departed colleagues. The honourable senators from the Gulf (Hon. Mr. L'Espérance) and from Stadacona (Hon. Mr. Webster) were men whose kindly, generous dispositions, personalities and presence we shall all miss from this Senate of ours. They were both men who had achieved success in the larger fields of business, industry and finance. They brought to this House the matured judgment and ripe experience they had gained in those spheres, and so were able to play a very effective, part not only in discussing various problems in our committees, but also, as has already been said, on the floor of this Chamber whenever occasion arose for further discussion.

I came into even closer contact with Senator McMeans than with the other honourable gentlemen. I was one of those who for a good many years served under his chairmanship on the Divorce Committee, and I am sure every member of that committee would bear testimony to his patience and care and firmness in hearing and weighing all the evidence. And he was always careful to canvass the opinions of and invite suggestions from every member of that committee before deciding a case. He was not afflicted with either a superiority or an inferiority complex. He was well-balanced and judicially minded, and so, having the gifts necessary for a judge, he made an excellent chairman of the Divorce Committee.

Hon. Mr. CHAPAS.

What a splendid specimen of a manly man was Senator McMeans! He had every attribute that anyone would associate with such a personality; large and impressive physically, big-hearted, broad-minded. He loved the things of life, and plenty of them. He had a gift for friendship, and sought the welfare and comfort of all with whom he came in contact.

To the relatives of the deceased senators, we, as affectionate colleagues, wish to express our regret and to extend our profound sympathy, knowing full well that we cannot fully share their poignant sorrow at their irreparable loss.

These sad occurrences make us all realize our own mortality. We assemble at the beginning of a session, all in good spirits and apparently all in good health. Then we adjourn or prorogue for a few months and, lo! when we return we find our ranks again depleted. These mournful occasions bring home to us that in a somewhat gloomy sense the poet was right when he declared that "our hearts, like muffled drums, are beating funeral marches to the grave."

Hon. JOHN T. HAIG: Honourable senators, I shall not say a word as to the late Senator L'Espérance, though I loved the man; nor of the late Senator Webster, though I liked his acquaintance. I do wish, however, to pay tribute to my late colleague from my own city of Winnipeg.

I knew Senator McMeans for over forty years. He was a distinguished member of the Bar of Manitoba for many years and took an active part in the law work of the province. He had a happy Irish disposition, and was quick to sense wit or pathos in a case. He was happy in having as his life partner one of the great women of this country, modest and retiring, but a wonderful homemaker, and a delight to her friends throughout the city of Winnipeg. When in good health during the first Great War she was the leader in all activities to make the lot of men and women overseas a little better by reason of the fact that they came from Canada. Senator McMeans had a happy family. One boy gave his life at the battle of Festubert. Many other young men from Manitoba made a similar sacrifice, but Ernest McMeans was a young man of great promise, already a member of the Bar and heading towards a brilliant career in his favourite profession, and I know of no casualty report that so stunned the people of our city as the word that came through that Captain McMeans had passed on.

Senator McMeans served as an alderman of the city of Winnipeg, then as a member of the Legislature of Manitoba, and, after raising

a battalion for the first Great War, as a member of this Chamber. When I had the honour of being summoned here he was in his declining years, and I did not know him so well as a senator as when he was an alderman and a member of the Legislative Assembly of Manitoba.

Winnipeg will miss Lendrum McMeans. It was a common saying there that if he supported one side it was because he thought the other side was going to win, and he always wanted to help lost causes. It became the usual thing when men were running for the Legislature to ask, "What does McMeans think of our prospects?" If the reply was, "That you are going to be beaten," they would retort, "Then we have a good chance of being elected." Senator McMeans wielded a strong and wholesome influence in our city. True, as a legislator he was a Conservative, but he was never a bitter partisan. From my own association with him in the provincial Chamber I can say quite frankly that he was beloved by all members. He had a sound knowledge of law—a great advantage to members, because most of them are from rural districts and have little if any knowledge of this science.

I believe I express the views of my fellow-citizens of Manitoba when I say that it will be many a day before we have in this or any other House of Parliament a man so well known by everyone as was Senator McMeans. And I do not believe he had a single enemy in the whole province.

If you judge the character of our late colleague by his family life it was high; if by his professional and moral standing, it was high; if by the friends he had, it was high. Unhappily he is lost to us here, but we are consoled by the thought that we had the pleasure and the honour of being associated with him for so many years.

ADJOURNMENT

On the Orders of the Day:

Right Hon. RAOUL DANDURAND: Honourable senators, there was nothing on the Order Paper when we assembled this evening, and there will be nothing to-morrow. The Government does not intend to bring forward any legislation. It rests upon the work which was done by the middle of June. It had the House of Commons adjourn until to-day in order to keep Parliament in session in case of emergency. I understand that the duration of the present sittings of the Commons will be fairly short. In the circumstances I shall move to-morrow that when the Senate adjourns it stand adjourned until January. The Prime Minister has declared that he did

not favour sessions overlapping from one year to the other, and would return to the old practice of a session for every fiscal year.

As to the date when we shall meet again, there is somewhat of a difficulty in my mind. Of course, we are free to adjourn when we please; we need not wait for the Commons to finish their discussion, whether it lasts a day or two or three days; but if we adjourn until early in January we may receive notice of prorogation for the week following, and in that event we shall have come here to no purpose. So I have decided to move adjournment until the 21st of January next. If before that time Parliament is convened for prorogation, the call, of course, will put an end to our own adjournment.

Hon. Mr. COTE: I wonder whether it did not occur to the right honourable gentleman to move that the Senate adjourn to meet again at the call of the Chair. An amendment of our rules enables us to follow that procedure now, and if we did so adjourn, then the Chair could convene the senators for prorogation. Of course only a certain number would attend. However, that seems to me a reasonable course to pursue, and it would enable honourable senators who so desired to be present for prorogation.

Right Hon. Mr. DANDURAND: The question came to my mind some time ago, but there was some objection.

Hon. Mr. BALLANTYNE: I was just about to rise to express the same thoughts which have been voiced by the honourable senator from Ottawa (Hon. Mr. Coté). If some great crisis were to arise between now and January 21, would it not be better—

Right Hon. Mr. DANDURAND: Oh, yes.

Hon. Mr. BALLANTYNE: —to adjourn so as to meet again at the call of the Chair?

Right Hon. Mr. DANDURAND: No. A resolution was passed by this House whereby in any emergency His Honour the Speaker can recall the Senate. But there is the other view, expressed by my honourable friend from Ottawa East, that our resolution could be amended so as to allow His Honour the Speaker to call us back at any time for some special reason. I think that was discussed, and, while I am not sure what was the result of the discussion, I am under the impression that there was some objection to the Senate divesting itself of the power of fixing its own periods of adjournment. Our resolution was passed with the understanding—and it is the same that prevails in the House of Commons—that in case of emergency, say

between now and January 21, or until prorogation is to take place, we may be called back. Such is the situation in both Houses.

Hon. Mr. CALDER: In other words, the resolution that was passed to permit the calling of an emergency sitting of the Senate is still in force.

Right Hon. Mr. DANDURAND: Oh, yes.

Hon. Mr. CALDER: And if we fix the date of re-assembling as the 21st of January, His Honour the Speaker will still have the right to call us here if necessity arises.

Hon. Sir THOMAS CHAPAIS: It is a standing order.

Right Hon. Mr. DANDURAND: Any time from now to the 21st of January.

Hon. Mr. CALDER: There is just one other question. The right honourable gentleman has said that the other House is likely to sit but a very short time. If that is so, is it the intention to have an early prorogation, say some time in January? Suppose the other House remains only two or three days—

Right Hon. Mr. DANDURAND: I will answer that question. I can only surmise, but I feel confident enough to say that prorogation will be fixed for a certain day, and that the convocation of the following session will take place the next day, as was done last year, in order that the members of the two Chambers may not have to travel back and forth.

Hon. Mr. CALDER: I see.

The Senate adjourned until to-morrow at 3 p.m.

THE SENATE

Tuesday, November 4, 1941.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

FELICITATIONS TO RIGHT HON. MR. DANDURAND

On the Orders of the Day:

Right Hon. RAOUL DANDURAND: Honourable senators, I desire, with the leave of the House, to move that when the Senate adjourns this evening it do stand adjourned until Wednesday evening, the 21st of January next.

Hon. C. C. BALLANTYNE: Before the motion carries, Your Honour and honourable Right Hon. Mr. DANDURAND.

senators, and with the kind permission of the right honourable the leader of this House, I desire to say a few words.

My right honourable friend will have noticed the beautiful roses that appear on his desk to-day. They will be a significant reminder to all honourable members of this Chamber that this is a very important day, not only for our right honourable friend, but for this House and the country generally. I refer to the fact that the right honourable leader has to-day reached his eightieth birthday.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: I must lift the veil of secrecy slightly and divulge certain things with which my right honourable friend is not familiar. His friends in this Chamber, and others as well, had planned that on this day they would give even more fitting recognition to the right honourable gentleman's distinguished career than has been given thus far. The Prime Minister, Right Hon. Mr. King, and my leader, Right Hon. Mr. Meighen, Cabinet members and members of the other House expressed a desire to be present at the function that we had in mind for to-day, but owing to the fact that both the Prime Minister and Mr. Meighen are unable to be here to-day to join with us in offering congratulations and good wishes to our gifted leader, it has been decided to postpone that function until early in January.

Perhaps, while I am on my feet, I may have your indulgence a little while longer. It has been my privilege to know the right honourable gentleman for over forty years. As all honourable members well know, he has been a member of this House, where he has served in various capacities, for forty-two years—a very long time. And he has given of his brilliant services not only to this Chamber, but to Canada at large, and, I might say, to the world, for over a period of years he took a prominent part in the activities of the League of Nations, and at one time held the high office of President of its Assembly. My right honourable friend has not devoted his time exclusively to parliamentary affairs. A very cultured gentleman, he has given unstintedly of his talents and time to education, art and other interests, for the benefit of the city in which he and I reside, and of the country at large. Casting my memory back, I am unable to recall any man in public life who has had a more distinguished career than the right honourable leader of the Senate. I know he will be pleased to hear me say that we on this side of the House not only have towards him the most friendly and cordial feelings,

but we recognize, equally with all honourable members opposite who sit around him, the great ability that he possesses.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. BALLANTYNE: I sincerely trust, sir, that you will live for many years to come, to enjoy the good health and vigour that you now have. And I am sure I speak for every honourable member of this House when I express the hope that you may long continue to be its leader, for you have carried on the duties of your office not only with marked ability, but also with cordiality and fairness. My right honourable leader (Right Hon. Mr. Meighen) has told me on many occasions how much he admires you.

This is also, I think, a fitting time to convey my congratulations to you on your appointment as a member of the King's Privy Council, which undoubtedly is a well-deserved honour.

May I add that I esteem it a great privilege to have had this opportunity of expressing my sentiments towards one whom I hold in very high regard.

Some Hon. SENATORS: Hear, hear.

Hon. P. E. BLONDIN (Translation): Honourable senators, may I simply add to the utterances we have just heard that, in the name of the French Canadian members of the opposition, I wholeheartedly concur in the well-deserved tribute that has just been paid to you, sir, by the honourable leader of the opposition (Hon. Mr. Ballantyne). My right honourable friend (Right Hon. Mr. Dandurand) will pardon me for endeavouring, without preparation, to tell him that these words of appreciation, coming from an old opponent who has fought him in days gone by, cannot but bear the mark of the deepest sincerity. No words of esteem and respect addressed to him can be more sincere than mine. Therefore, I wish to say to him that in the province of Quebec he will be remembered not only as a man who has done good to his race, but also as an example to French Canadian youth of moral courage, of industry, of devotedness and of loyalty to his party. To-morrow we may again find ourselves fighting each other in defence of the principles we have always adhered to, but our right honourable friend may be sure that, though we may fight against him, he remains one of those for whom we have the greatest respect and the deepest love.

Hon. J. J. DONNELLY: As a senior member of this Senate, I should like to have the privilege of saying a word or two in regard to the right honourable gentleman (Right

Hon. Mr. Dandurand) and to join with others in congratulating him on reaching his eightieth birthday.

It occurred to me to-day as I looked across the Chamber that when, more than twenty-eight years ago, I became a member, the party of which the right honourable gentleman is now the leader in this House had a majority of twenty-four members. Of the senators of those days he is the only one left: the others have all passed to their reward.

It is not necessary for me to call attention to the good qualities of my right honourable friend, for every member is aware of them. I have only to say that his marked ability and charming manner have been of great assistance to members of this Senate, and I join them in hoping that he will for many years continue to grace this Chamber with his presence.

Hon. A. B. COPP: Honourable senators, last evening while my right honourable friend (Right Hon. Mr. Dandurand) was paying sincere tribute to the memory of three of our departed colleagues, I thought to-day would give us a good opportunity of praising him while he is in the flesh.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. COPP: When someone reminded me that this is my right honourable friend's eightieth birthday I could hardly believe it, but if the date of his birth is correctly recorded in the Parliamentary Guide my right honourable colleague will have to admit that he has reached the four-score mark. I am sure that, together with my honourable friends opposite, we on this side of the House appreciate very much the sentiments expressed this afternoon, of esteem and friendship for the right honourable leader.

While Senator Dandurand is in years one of the oldest members of this Chamber, in activity and industry he is one of the youngest.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. COPP: Every day of the session we see him hurrying about, attending to all business which is to come before the Senate, and as well keeping a friendly, watchful eye on those in the other Chamber. We appreciate his industry and his friendship, and we appreciate the honour that has come to him through many years of public life. In reading over the records of those who are with us now, either here or in the other House, I do not find any who have filled more honourable positions more honourably than has my right honourable friend, Senator Dandurand.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. COPP: We all realize what his life and his work have meant to Canada. We realize the importance of the positions he has held. In his occupation of those positions he has carried on with great distinction both to the offices he has held and to himself. We on this side of the House know what he has meant to Parliament in the past, and what he means to it to-day; and along with others, sir, I offer my congratulations and express the hope that you may long be spared to carry on the work, here and elsewhere, that kind Providence has placed upon your very able shoulders.

Some Hon. SENATORS: Hear, hear.

Right Hon. RAOUL DANDURAND: I need not say, my dear friends and colleagues, how moved I am at this appreciation of my career by the members of this Chamber. It was here that I officially entered public life in 1898, and I may say that the greatest pleasure I have had in life has been to find within the walls of this Chamber, friends, and friends only.

I would ask to be allowed to refer to a statement made by the Right Hon. Mr. Meighen when the King Government was returned to power in 1935. At that time we changed sides. I had suggested to Mr. Meighen that I could perhaps lead the Senate from the other side as well as from this side. But tradition willed that I should sit to the right of His Honour the Speaker, and in this Mr. Meighen agreed. I remember that when he rose to speak on the Address he said that he intended to treat the measures I brought forward and myself as I had treated his measures and himself—with as much sympathy and as much of a spirit of co-operation as I had shown during the four or five years he had led the Senate. He testified to the fact that not only in committee, but in the Senate itself, I had joined in helping at times to improve legislation which he brought forward, and he expressed his intention of reciprocating to the full.

This was, I admit, a great satisfaction to me. All commoners who have reached this Chamber—the Right Hon. Mr. Meighen among them—have brought with them their own ideas as to the functions of this Chamber, but when my right honourable friend came to lead the Senate he quickly learned that my prediction was right. Upon meeting me he said, "Here is an opponent worthy of my steel." I answered him: "You are twice in error: first, I am not your opponent, and, second, I am not worthy of your steel. But you will find that the atmosphere of the Senate does not call for very many clashes between the parties." There are in the Senate, as in the country, two trends of thought, Liberal and Conservative,

Hon. Mr. COPP.

but here we are working together to improve legislation, and very seldom is there any evidence of political rancour or contest."

When I came into the Chamber this afternoon I found flowers on my desk, and I have since listened to the remarks that have been made. For the cordiality of my honourable friends who spoke and of those who applauded them, I express my thanks. In the Senate it does not take us long to find out that we are all members of one family. When we shake hands we feel that we belong to the same country—that we are all Canadians.

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. DANDURAND: My honourable friend opposite (Hon. Mr. Ballantyne) has disclosed that this tribute, which to my mind would have sufficed, is to take a more extensive form in January. A larger aggregation of friends might be somewhat formidable, but I shall be glad to meet them and to attend any function that may be held at that time. Although during the last two years I have occasionally felt that my health was declining, I want to say as I stand before you to-day that I now feel as well as I did five or even ten years ago; so I hope Providence will preserve me till January.

Hon. SENATORS: Hear, hear.

The motion was agreed to.

ADJOURNMENT OF THE SENATE

On the motion to adjourn:

Right Hon. Mr. DANDURAND: Honourable senators, I should like to add a few words to what I said yesterday concerning the adjournment we are about to take. I do this, not for my colleagues who are within sound of my voice, but for the country at large and for representatives of public opinion as expressed in the newspapers. Some persons may be surprised that while discussion is continuing in the other House the Senate has seen fit to adjourn until January next. I should like them to realize that what the people throughout the country want just now is more and more information concerning Canada's effort towards winning the war. It happens that all the key men, my colleagues at the head of the various departments carrying the burden of our war effort, sit in the other House. It is there that they furnish all necessary information and enlightenment, and of course it goes without saying that first-hand information from them, given on the floor of the Commons, where they are surrounded by their deputies and assistants,

will satisfy the country far more than any similar information I could bring second-hand to the Senate.

This is a situation that honourable senators may deplore, but unfortunately, even if I had one or two of my colleagues with me, it would not mean that those departments which to-day direct the whole national effort in this war would be fully represented here. In short, the country must realize that the Senate has its limitations, and that it is only just and proper that men who bear the responsibility should rise in their places, not in the Senate, but in the House of Commons, to answer any questions that may be put to them in relation to matters under their control.

DIVORCE STATISTICS, 1940-41

Hon. C. W. ROBINSON: Honourable senators, I should like to place on Hansard a summary of the work of the Divorce Committee.

For the present session 64 notices of intention to apply to Parliament for bills of divorce were given in the Canada Gazette. Of the foregoing, 58 petitions were actually presented in the Senate and dealt with by the Committee on Divorce, as follows:

Unopposed cases heard and recommended	44
Opposed cases heard and recommended..	5
Unopposed case heard and rejected.....	1
Applications not proceeded with.....	8
	58

Of the petitions recommended, 16 were by husbands and 33 by wives.

Of the applications recommended, 48 were from residents of the province of Quebec, and one from the province of Prince Edward Island.

An analysis of the occupations followed by the applicants is as follows: baker, bank clerk, boiler maker, buyer, chauffeur, clerks, cook, domestic servant, druggist, engineer, engraver, janitor, journalist, managers, married women, mechanic, operators, physician, saleswoman, seaman, secretary, shipper, trader, waitress.

The committee held sixteen meetings.

In 20 cases the Committee on Divorce recommended that part of the parliamentary fees be remitted.

The comparison of the number of divorces and annulments of marriage granted by the Parliament of Canada in the last ten years is as follows:

1932	27
1932-3	24
1934	38
1935	30
1936	40
1937	46
1938	85
1939	50
1940	62
1940-41	49

May I add that the members of the committee attended earnestly to their duties and made my task a very light one. Indeed I have been fortunate in presiding over so capable a body of men. Our work has not been altogether a labour of love, though love sometimes did come into the picture.

The Senate adjourned until Wednesday, January 21, 1942, at 8 p.m.

THE SENATE

Wednesday, January 21, 1942.

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

PROROGATION OF PARLIAMENT

The Hon. the SPEAKER informed the Senate that he had received a communication from the Assistant Secretary to the Governor General, acquainting him that the Right Honourable Sir Lyman Poore Duff, acting as Deputy of His Excellency the Governor General, would proceed to the Senate Chamber this day at 8 p.m. for the purpose of proroguing the present session of Parliament.

ALASKA HIGHWAY COMMISSION

TABLING OF REPORT ON PROPOSED HIGHWAY

Right Hon. RAOUL DANDURAND: Honourable senators, I lay on the Table the report of the British Columbia-Yukon-Alaska Highway Commission, together with the evidence.

I have a statement of the main features of the report. It might be of interest to the Senate to have that statement on record, and if honourable members are agreeable I would ask that it be placed on Hansard.

Report of British Columbia-Yukon-Alaska Highway Commission (Canada)

This Commission was appointed by Order in Council of December 22, 1938. It was instructed to inquire into the engineering, economic, financial and other aspects of a proposed highway

to connect the Pacific Northwest of the United States with Alaska by way of British Columbia and the Yukon.

This project had been under consideration by various official and unofficial bodies in Canada and the United States for some twelve years or more, and reports had been made by a United States Commission in 1933 and by a Canadian interdepartmental committee in 1938. This latter report was not published. In 1938 representations were made to the Canadian Government by the Government of the United States with regard to the desirability of providing for the construction of such a highway, and the Canadian Government was informed that the President of the United States had appointed a commission of five members "to co-operate and communicate directly with any similar agency which may be appointed in the Dominion of Canada in a study for the survey, location and construction of a highway to connect the Pacific northwest part of continental United States with British Columbia and the Yukon Territory in the Dominion of Canada and the Territory of Alaska."

In the spirit of these instructions to the United States Commission by the President, the Canadian Commission, which also consisted of five members, was instructed by the Canadian Government "to meet for the purpose of discussion and exchange of information with the United States Commission appointed for that purpose."

The Canadian Commission, which consists of the Hon. Charles Stewart, Major-General Thomas L. Tremblay, Mr. J. M. Wardle of the Department of Mines and Resources, Mr. Arthur Dixon of the Department of Public Works of British Columbia and Mr. J. W. Spencer of Victoria, with Mr. Stewart as chairman, held a series of public meetings in British Columbia and the Yukon in the summer of 1939, and, under its direction, reconnaissance surveys were carried out by the Dominion and provincial engineers, both by air and on the ground.

The substance of these hearings and surveys was communicated to the Government in a preliminary report in April, 1940. The Commission at that time felt that further ground work by engineers would be necessary before it would be in a position to give a reasoned opinion on the respective merits of different routes that had been proposed for a highway. These additional surveys were carried out in the summer of 1940, and when the reports of the engineers had been received the Commission proceeded to consider and digest all the available information. It also, in accordance with the instructions of the Order in Council, held meetings from time to time with the members of the United States Commission, and discussed with them various problems arising out of their respective investigations.

The Commission, having completed its investigation and deliberations, prepared for the information of the Government of Canada the very comprehensive report which has now been tabled. This report, after surveying the results of previous inquiries, and summarizing the evidence obtained at the public hearings, describes in detail the various routes investigated by the Commission, and analyses the information collected on the natural resources of the regions traversed by various proposed routes, the character of the country, its climate, snowfall, and so forth.

Right Hon. Mr. DANDURAND.

The Commission has embodied in its report a great deal of relevant data, including estimates of costs. The Commission itself reports that either of the two main routes investigated, known as the "A" and "B" routes, is practicable from an engineering point of view. It is understood that the United States Commission concurs in this conclusion.

These routes, the former nearer the sea and the latter nearer the mountains, are shown on the map accompanying the Commission's report. The "A" route runs roughly from the vicinity of Fort St. James, in northern British Columbia, and by way of Atlin, near the British Columbia-Yukon border, to Whitehorse, and from there to the Alaskan boundary. The "B" route, from Prince George, extends north through what is known as the Rocky Mountain Trench to Liard River and down the valley of the Pelly to the Yukon and from there to Dawson and the Alaskan boundary. The Commission, after balancing the advantages and disadvantages of each route, concludes that the "B" route would best fulfil the purposes of the proposed highway.

In its consideration of the proposed highway the Commission has assumed that the existing roads of British Columbia from the international boundary north to Prince George and Fort St. James would form part of the highway, whatever route might be adopted, and confines its consideration of these existing roads to an estimate of the cost of bringing them up to the suggested standard of the highway.

The Commission finds that the length of the highway from Vancouver to the Alaskan boundary would vary from about 1,700 miles to about 1,900 miles, according to the route adopted.

The Commission estimates the cost of a highway completed to the required standard, but exclusive of paving, at from \$25,000,000 to \$30,000,000, but as these figures are based upon reconnaissance surveys they are only approximate. The "B" route would be somewhat shorter than the "A" route and would cost less both to construct and to maintain.

The Commission expresses its appreciation of the cordial co-operation of the Government of British Columbia in placing all relevant maps and engineering data at its disposal and in authorizing at considerable expense additional field surveys by its engineers.

WAR MEASURES ACT

ORDERS IN COUNCIL TABLED

Right Hon. RAOUL DANDURAND: Honourable senators, on November 4 last I tabled copies of Orders in Council passed under the War Measures Act between April 22 and October 24, 1941. I now wish to lay on the Table typewritten copies, in English and French, of Orders in Council passed under the War Measures Act between October 24, 1941, and January 13, 1942.

The Senate adjourned during pleasure.

PROROGATION OF PARLIAMENT

SPEECH FROM THE THRONE

The Right Honourable Sir Lyman Poore Duff, the Deputy of the Governor General,

having come and being seated at the foot of the Throne, and the House of Commons being come with their Speaker, the Right Honourable the Deputy of the Governor General was pleased to close the Second Session of the Nineteenth Parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

Since the present session opened, we have witnessed the extension of war until, to-day, it encompasses the globe. As aggression has succeeded aggression, the active resistance of free peoples everywhere has risen to meet it. The myth of national isolation has vanished from the earth. It is now recognized that the freedom of each nation is bound up in the freedom of all.

A little more than a year ago, the countries of the British Commonwealth stood virtually alone, except for China, in armed resistance to the forces seeking domination of the world. In the front line of freedom were the brave people of Britain. Most of the countries of Europe lay at the feet of the conqueror. The heroic resistance of the peoples of Yugoslavia and Greece, the entry as an ally into the war of the Union of Soviet Socialist Republics, the determination and military might of the armed forces of the Soviet Union, and the achievements of the British and Allied forces in Africa have materially changed the outlook of Europe.

A new and very critical situation has been created by Japanese aggression in the Far East and by the declaration of war by Japan against the United States, the British Commonwealth and the Netherlands. Germany and Italy have joined Japan in declaring war against the United States. In assessing the possible consequences of Japan's action, full account should be taken of the significance of the entry of the United States into war against the combined Axis Powers.

In Canada, within recent weeks, the world aspect of the conflict has been reflected by formal declarations of the existence of a state of war between Canada and Japan, and shortly before, by similar declarations against Hungary, Rumania, and Finland, whose Governments had passed completely under Nazi domination. Canada's action in this respect was a part of the solidarity which now embraces the war effort of all the Allies.

In Britain, in the Far East, in the skies over Europe and over Africa, and on all the seven seas, Canada's fighting men are upholding freedom. Hostilities in the Pacific have added to our problems and responsibilities. Already, by their heroic participation in the defence of the island fortress of Hong Kong, Canadian troops have written an immortal chapter of Canadian valour.

The whole economy of Canada has been increasingly directed to meet the needs of war. There has been a steady and orderly mobilization of material resources and of men and women for the widely varied tasks of modern total war.

Additional precautions have been taken for civil defence.

Further provision has been made for the dependents of members of the armed forces.

Reciprocity in the war production of Canada and the United States was established as a result of the agreement reached at Hyde Park in April last. The war production of the two countries has been further increased by subsequent joint agreements.

Comprehensive and drastic measures have been taken to control the cost of living and to prevent inflation.

My Government has maintained close association with His Majesty's Governments in Britain and other parts of the British Commonwealth, and with those of the Allied powers. My Prime Minister and several of my Ministers have visited the United Kingdom for consultation and conference. The Prime Minister of Great Britain, the Prime Ministers of Australia and New Zealand, other Ministers from different parts of the Commonwealth, and distinguished representatives of the Allied Governments have also visited Canada. These personal exchanges have heartened and strengthened our common effort.

Of particular significance have been the meeting at sea and the conferences held at Washington between the Prime Minister of Great Britain and the President of the United States, and the visit to Canada of the Prime Minister of Great Britain. In these conferences, my Prime Minister and other of my Ministers have been both directly and indirectly associated. The Atlantic Charter agreed upon between the President of the United States and the Prime Minister of Great Britain has been approved by all the Allied nations. It sets forth underlying principles of a new world order upon which all are agreed. An outcome of the conferences at Washington was the important declaration signed at Washington, at the beginning of the present year, by the representatives of twenty-six nations. It binds each of the several countries to employ all of its resources against the Axis Powers, and not to conclude a separate armistice or peace.

In the course of the present session, the people of Canada learned with regret of the death of two former Governors General. The names of His Royal Highness the Duke of Connaught and the Marquess of Willingdon will remain outstanding among those of the distinguished representatives, in Canada, of His Majesty the King.

Members of the House of Commons:

I thank you for the financial appropriations you have made. Their unprecedented magnitude is but one of many evidences of the determination of the Canadian people to put forth their utmost effort in the winning of the war.

Honourable Members of the Senate:

Members of the House of Commons:

I devoutly join with you in invoking the aid of Divine Providence in the preservation of our Christian civilization.

INDEX TO DEBATES OF THE SENATE

SECOND SESSION, NINETEENTH PARLIAMENT, 1940-1942

Abbreviations:—1r, 2r, 3r—first, second or third reading. Com=Committee. Div=Division.
M=Motion. Ref=Referred. Rep=Report.

Address in reply to Speech from Throne,
2, 10, 34, (adopted) 45

Agriculture

Assistance to, 103-105, 270, 275
Price control, 275
Western Canada, conditions in, 41, 103-105
See Prairie Farm Assistance Bill, Prairie
Farm Rehabilitation Bill, Wheat

Air

Bases, establishment of, 9, 36
Force
British—training in United States, 250, 251,
258, 260
Canadian, 22. *See* Munitions, War effort
Women's Auxiliary, 250, 251, 258, 260
Mail rates, 118
Squadrons, Canadian, 65, 67, 76, 93
Training plan, Commonwealth, 7, 17, 22, 28,
29, 76, 93. *See* War Appropriation Bill

Air Lines Bill. *See* Trans-Canada

Aircraft production, 29, 76, 87, 93, 132. *See*
Munitions

Alaska Highway Commission report, 293

Alcohol, power—manufacture from wheat and
sugar surpluses, 8

Appropriation Bills

No. 1. 1-2r, 65. 3r, 66
No. 2. 1-2r, 144. 3r, 145
No. 3. 1-2-3r, 164
No. 4. 1-2r, 270. 3r, 271
War (No. 19). 1r, 73. 2r, 78. 3r, 95. Ques-
tion of privilege, 99
War (Supplementary, 1940). 1-2r, 143. 3r,
144

Army

Canadian Active Service Force, 19. *See*
Military

Aseltine, Hon. W. M.

Divorce Bill (Sedlak case), 121-124
Divorce Jurisdiction Bill, 197, 198
Senate business and adjournment, 145

Athlone, Earl of, Governor General, 34

Automobiles, importation of, 50

Aylesworth, Hon. Sir Allen B., P.C., K.C.M.G.
Divorce Jurisdiction Bill, 151

Ballantyne, Hon. Charles C., P.C.

Dandurand, Right Hon. Raoul—birthday
felicitations to, 290
Divorce Bill (Cowan case), 125
Munitions and supplies, manufacture in
Canada, 115
Natural Resources Transfer Bill, 201
Navy, Canadian, 115
Prices and wages, stabilization of, 283, 284
Senate sittings, emergency, 289
Senators, deceased, 286
Ships, naval and cargo, construction of,
112-116
Ships, sale of by Government Merchant
Marine, 114, 115
Succession Duty Bill, 203

Banting, Sir Frederick, the late, 61, 62

Beaubien, Hon. A. L.

Prairie Farm Assistance Bill, 231-233

Beauregard, Hon. Elie

Private Bill, 46

Bills. *See* their titles. *See* also Divorce Bills,
Private Bills

Black, Hon. Frank B.

Canadian National Railways—centralized
traffic control, 96-99
Game Export Bill, 185
Pension Bill, 185, 187, 192, 193, 196
Private Bills, 63, 111
Special War Revenue Bill—licensing and
taxation of insurance companies, 206, 207
Succession Duty Bill, 202

Blondin, Hon. P. E.

Dandurand, Right Hon. Raoul—birthday
felicitations to, 291

Bourque, Hon. T. J.

Milk, pasteurization of, 142

Britain. *See* Great Britain

British Columbia—Alaska highway, 293

British North America Act. *See* Dominion-
provincial relations

- Buchanan, Hon. W. A.**
Private Bill, 78
- Buckley divorce case**, 126, 146, 159
- Cabinet**, war—proposed, 41
- Calder, Hon. J. A., P.C.**
Appropriation Bills, 66, 144, 145, 270, 271
Canadian National Railways—centralized traffic control, 99
Civil Service officials, administrative—titles and salaries of, 221-224, 228, 247
Divorce Jurisdiction Bill, 154, 160
Game Export Bill, 166
Indian Bill, 169
Labour Department Bill, 221-224, 228, 247, 248
Natural Resources Transfer Bill, 201
Prairie Farm Assistance Bill, 229-233
Senate
Business and adjournments, 66, 272, 290
Money bills and, 174, 175
Sittings, emergency, 290
Work and functions, 66
Special War Revenue Bill—licensing and taxation of insurance companies, 211
Unemployment Insurance Bill, 174, 175
- Calgary Power Company**—construction of dam in Banff National Park, 199
- Canadian Active Service Force**—organization, 19
- Canadian National Railways**
Bills
Auditors. 1r—m for 2r, 97. 2r, 117. 3r, 118
Financing and Guarantee. 1r, 217. 2r, 218. M for 3r postponed, 249. 3r, 252.
See 257, 261
Employees' pensions, 218-220, 254-257, 261
Traffic control, centralized, 96, 97, 147
- Chamberlain, Right Hon. Neville**, the late, 10, 15
- Chapais, Hon. Sir Thomas, K.B.**
Divorce Jurisdiction Bill, 162
L'Espérance, Hon. D. O., the late, 287
- Churchill, Right Hon. Winston**, leadership of, 10
- Civil Service officials**, chief administrative—titles and salaries, 221-224, 228, 247
- Conscription**, 11. *See* 266-269. *See also* Military service, Military training
- Copp, Hon. A. B., P.C.**
Dandurand, Right Hon. Raoul—birthday felicitations to, 291, 292
Divorce Jurisdiction Bill, 149, 153, 154, 160-162, 179
- Cost-of-living Bonus Order**, 278. *See* Prices, Wages
- Coté, Hon. Louis**
Divorce Jurisdiction Bill, 179, 197, 198
Game Export Bill, 165, 166
Indian Bill, 170, 176
Insurance companies, licensing and taxation of, 211, 244
Military service, 267
Ottawa Agreement Bill, 105
Pension Bill, 266, 267
Private Bills, 52, 107, 151
Senate
Business and adjournment, 289
Money bills, 174, 244-246
Sittings, emergency, 289
Soldiers' children, separation allowances for, 266, 267
Special War Revenue Bills, 48, 211, 244
Succession Duty Bill, 181
Unemployment Insurance Bill, 174
- Cowan divorce case**, 125
- Customs Tariff Bill**. 1-2r, 155. 3r, 160. *See* Special War Revenue Bills, War Exchange Conservation Bill
- Dandurand, Right Hon. Raoul, P.C.**
Address in reply to Speech from Throne, 15
The late Right Hon. Neville Chamberlain, 15
Canada's part in the war, 16
The Ogdensburg agreement and United States co-operation, 17
Canadian Army, Naval and Air Forces, 19
Expenditures for war supplies, 23
Agriculture, assistance to, 104, 105
Air Force
Royal Canadian, 22
Women's Auxiliary, 250, 251, 258-260
Air squadrons, Canadian, 65, 68, 76
Air training scheme, 22, 93
Aircraft, production of in Canada, 93
Appropriation Bills, 47, 65, 66, 73, 78-95, 99-103, 143, 144, 164, 270, 271
Army, Canadian, 19
Banting, Sir Frederick, the late, 61
Birthday felicitations to, 290, 292
British Columbia—Alaska highway, 293
Canadian National Railways
Auditors Bill, 97, 99, 117, 118
Financing and Guarantee Bill, 218-220, 249, 252-256. *See* 257, 261
Traffic control, centralized, 97, 99, 147, 148.
See Railways
Customs Tariff Bill, 155, 156
Defence associations, conference of, 149, 150
Defence, national, 12, 13, 17-19. *See* War
Divorce cases, 146, 147
Divorce Jurisdiction Bill, 154, 162

- Dandurand, Right Hon. Raoul, P.C.—Con.**
 Dominion-provincial relations, Royal Commission on, 2
 Excess profits tax, 56, 58
 Excess Profits Tax Bill, 157, 158
 Exchange, conservation of, 53-58, 101, 179, 180
 Excise Bill, 155
 Exemptions for women, withholding of, 143, 250, 251, 257-260, 263, 264
 Fish, salt—Board's finances and administration, 235
 Game Export Bill, 164-167
 Great Britain—attitude towards war equipment production in Canada, 87, 91, 92, 99-103, 116, 129-135, 251, 252, 259-263
 Health insurance. *See* Unemployment Insurance Bill
 Health, national, 184
 Housing scheme, 249
 Illness, recovery from, 10, 15
 Income War Tax Bill, 212-215, 246, 247
 Indian Bill, 167-170, 176
 Industrial Disputes Investigation Bill, 215
 Information, public, 68, 76
 Insurance companies, licensing and taxation of, 207-212, 225-228, 237-244
 Judges, number of, 216, 217
 Labour Department Bill, 221-224, 228, 247-249
 Meat and Canned Foods Bill, 73, 74, 105, 106, 116
 Military service, 267-269
 Military training, 19, 20
 Montreal Gazette article, 99
 Montreal terminals, cost of, 219, 252-256
 Munitions and supplies, production of, 23, 83-87, 91-94, 99-103, 116, 129-135, 251, 252, 259-263. *See* War
 National Railways Auditors Bill, 97, 99, 117, 118
 Natural Resources Transfer Bill, 199-201
 Navy, Canadian, 20
 O'Connor, Mr. W. F., the late, 60
 Order in Council, government by, 167-169
 Orders in Council passed during session, 67. *See* 62
 Ottawa Agreement Bill, 74, 96, 105
 Parks, national, 60
 Parliament, rights and functions of, 67, 167-169, 201. *See* 62
 Pension Bill, 163, 185-195, 266, 267, 269
 Pictou wharf, 59
 Prairie Farm Assistance Bill, 228, 231-235
 Prairie Farm Rehabilitation Bill, 202
 Precious Metals Marking Bill, 97, 116, 117
 Prices, stabilization of, 272-285
 Private Bills, 46, 52, 63, 106, 107, 183
 Profits, excess, 56, 58, 157, 158
 Public Service Re-arrangement and Transfer of Duties Act, 2
- Dandurand, Right Hon. Raoul, P.C.—Con.**
 Railway employees' provident funds, contributions to, 218-220, 254-257, 261
 St. Lawrence Waterways, 52, 53, 88-91, 96
 Salt Fish Board, 235
 Senate
 Business and adjournments, 45-47, 58, 62-67, 142, 145, 146, 150, 155, 212, 249, 263, 266, 269, 272, 289, 290, 292
 Committees
 Banking and Commerce, 150
 Orders and privileges, 2
 Selection, 2
 Money bills and, 47, 104, 172-175, 243
 Sittings, emergency, 10, 33, 58, 289
 Work and functions of, 66, 67, 103-105
 Senate and House of Commons Bill, 256
 Senators, deceased, 74, 148, 285
 Ships, convoying of by Canadian and Royal Navies, 115
 Ships, naval and cargo—construction of, 45, 47-49, 65, 116
 Skelton, Dr. O. D., the late, 60
 Soldiers' pay and allowances, 266-269
 Special War Revenue Bills, 48, 50, 51, 177-179, 206-212, 224-228, 237-246
 Succession Duty Bill, 180-181, 202-206
 Trans-Canada Air Lines Bill, 97, 118-121
 Unemployment Insurance Bill, 159, 172-175, 183, 196
 Wages, stabilization of, 272-285
 War
 Appropriation Bills, 73, 78-95, 99-103, 143, 144
 Charities Bill, 184
 Effort, Canada's 16-24, 87, 91-95, 100-103, 264. *See* Munitions
 Equipment production in Canada—attitude of British firms, 87, 91, 92, 99-103, 116, 129-135, 251, 252, 259-263
 Exchange Conservation Bills, 53-58, 179, 180
 Financing of. *See* Appropriation Bills
 Measures Act, 2. *See* 67
 Women in auxiliary services, 143, 250, 251, 257-260, 263, 264
See Defence
 Wheat production, 104-105
 Yukon Bill, 216, 217
- David, Hon. Louis Athanase**
 Address in reply to Speech from Throne, 2
 Memories of deceased senators, 2
 War and self-sacrifice, 3, 6
 The loyalty of Quebec, 3
 The threat of invasion, 4
 Causes of dissension, 5, 6
 Britain's defence of freedom, 5
 The defeat of France, 5
 An appeal for united effort, 6
 Congratulations to, 11, 15, 24, 34, 35
- David, Hon. L. O., the late, 2, 11, 15**

- Defence**
 Associations, conference of, 149
 National, 4-6, 9, 12-24, 36-38, 43, 86, 87. *See*
 Military, Munitions, United States, War
 Permanent Joint Board, 9, 12, 13, 17-19,
 36-38, 43, 86. *See* United States
- Dennis, Hon. W. H.**
 Prices and wages, stabilization of, 283
- Divorce Bills**
 1r, 77, 111, 128, 150, 159, 160, 164
 2r, 106, 121, 125, 127, 128, 150, 154, 155, 159,
 160, 164
 Ref to com, 126
 3r, 116, 125, 126, 128, 150, 154, 155, 159,
 160, 164
 Buckley case, 126, 146, 159
 Cowan case, 125
 Roberts case, 127
 Sedlak case, 121, 146
- Divorce Jurisdiction Bill.** 1r, 149. M for 2r,
 151. 2r, 160. Ref to com, 162. Rep of
 com, 179. Com amendment—3r, 196
- Divorce statistics,** 293
- Dominion-provincial relations,** 2, 9, 41
- Dominion Succession Duty Bill.** *See* Suc-
 cession Duty
- Donnelly, Hon. J. J.**
 Dandurand, Right Hon. Raoul—birthday
 felicitations to, 291
 Divorce Bill, 128
- Drugs.** *See* Health
- Duff, Hon. William**
 Address in reply to Speech from Throne, 34
 The new Governor-General, 34
 Canada's war effort, 34
 Non-partisanship in war appointments, 35
 Co-operation with the United States, 36
 Proposal to unite Newfoundland with Can-
 ada, 38
 Senate business and adjournment, 63-65
- Duffus, Hon. J. J.**
 Labour Department Bill, 223
- Employment.** *See* Unemployment
- England.** *See* Great Britain
- Enlistments.** *See* Military service, Military
 training, War effort
- Euler, Hon. William D., P.C.**
 Address in reply to Speech from Throne, 24
 Canada's foreign trade, 25
 The St. Lawrence Waterways, 26
 Customs Tariff Bill, 156
 Divorce Bill, 123
- Euler, Hon. William D., P.C.—Con.**
 Exeats for women, withholding of, 250
 Housing scheme, 249
 Income War Tax Bill, 247
 National Railways Auditors Bill, 118
 Prairie Farm Assistance Bill, 231-234
 Special War Revenue Bill—licensing and
 taxation of insurance companies, 177,
 239, 243-246
 Trans-Canada Air Lines Bill, 120, 121
 Well-drilling machinery and apparatus, cus-
 toms duty on, 156
 Women in auxiliary war services, 250
- Excess Profits Tax,** 55-58, 157
- Excess Profits Tax Bill.** 1-2r, 157. Ref to
 com, 158. 3r, 159
- Exchange,** Canadian, conservation of, 50, 51,
 53, 101, 156, 164, 179
- Excise.** *See* Special War Revenue Bills
- Excise Bill.** 1-2r, 155. 3r, 160
- Exeats for women,** withholding of, 142, 249,
 257-260, 263
- Farms and farming.** *See* Agriculture
- Farris, Hon. J. W. de B.**
 Divorce Bill, 126
 Divorce Jurisdiction Bill, 154
 Excess Profits Tax Bill, 158
 Munitions and supplies, manufacture in
 Canada, 129
 Private Bills, 78, 111, 182, 183
- Finance**
See Appropriation Bills, Customs, Exchange,
 Excise, Prices, Special War Revenue
 Bills, Succession Duty Bill, Taxation,
 War
- Fish,** dried or salt—production of, 235-237
- Fish and Shellfish.** *See* Meat and Canned
 Foods Bill
- Food and Drugs Act.** *See* Health
- Flour,** vitamin content of, 139
- France,** defeat of, 5, 6, 11
- Fur-bearing animals.** *See* Game Export Bill,
 Indian Bill
- Game Export Bill.** 1r, 159. 2r, 164. Ref to
 com, 167. Rep of com-3r, 185
- Gordon, Hon. George**
 Military training, 93, 95
 Succession Duty Bill, 205

- Gouin, Hon. L. M.**
Private Bill, 52
Senate, introduction to, 2
- Grain.** See Wheat
- Great Britain**
Spirit of the people, 1, 5, 7, 11, 87
Taxation in, 157
War equipment production in Canada—
attitude towards, 87, 91, 92, 99-103, 115,
116, 128, 251, 259-263
- Great Lakes Seaway, 52.** See St. Lawrence
Waterways
- Haig, Hon. John T.**
Address in reply to Speech from Throne, 40
Canada's war effort, 41
Dominion-provincial relations, 41
The Government's agricultural policy, 41
Canadian National Railways, centralized
traffic control, 98, 99
Customs Tariff Bill, 155, 156
Divorce Bill, 121-124, 127
Divorce Jurisdiction Bill, 153
Health Insurance. See Unemployment In-
surance Bill
Information, public, 68
Labour representation in the Cabinet, 41
McMeans, Hon. L., the late, 288
Natural Resources Transfer Bill, 200, 201
Pension Bill, 190-192
Prices and wages, stabilization of, 284
Private Bills, 78, 150
Senate
Business and adjournment, 145, 146
Money Bills and, 175, 176
Special War Revenue Bill—licensing and
taxation of insurance companies, 208-210
Succession Duty Bill, 203-205
Trans-Canada Air Lines Bill, 120, 121
Unemployment Insurance Bill, 159, 170-172,
175, 176, 184, 196
Wheat
Production, 41-43
Surplus, utilization of, 40
- Hardy, Hon. Arthur C., P.C.**
Game Export Bill, 167
Special War Revenue Bill, 178
War Appropriation Bill, 144
- Harmer, Hon. William J.**
Private Bill, 183
- Hayden, Hon. Salter A.**
Address in reply to Speech from Throne, 6
The war situation and Canada's part, 7
Marketing of wheat and utilization of sur-
plus production, 7
State regulation of war-time wages and
prices, 8
Dominion-provincial relations, 9
- Hayden, Hon. Salter A.—Con.**
Canada-United States Joint Defence
Board, 9
Congratulations to, 11, 15, 24, 25, 34
Private Bill, 63, 77, 106, 107
- Health**
Insurance, 159, 170-176, 196
National, 68, 107, 135, 184
- Horner, Hon. Ralph B.**
Pension Bill, 187
- Horsley, Hon. H. H.**
Military training, 86, 87
Senators, deceased, 288
- Housing scheme, 248, 249**
- Hugessen, Hon. Adrian K.**
Address in reply to Speech from Throne, 27
Work of the Department of Munitions and
Supply, 27
Canadian National Railways Financing and
Guarantee Bill, 256
Excise Bill, 155
Montreal terminals, cost of, 256
Munitions and supplies, manufacture of,
27-33
Pension Bill, 192
Prairie Farm Assistance Bill, 230, 234
Special War Revenue Bill, 50
Trans-Canada Air Lines Bill, 121
War Exchange Conservation Bill, 58
- Hughes, Hon. J. J., the late, 74**
- Hydro-electric power development.** See St.
Lawrence Waterways
- Income War Tax Bill.** 1-2r, 212. 3r, 246
- Indian Bill.** 1r, 159. 2r, 167. 3r, 185. See
176
- Industrial Disputes Investigation Bill.** 1-2r,
215. 3r, 216
- Inflation.** See Prices, Wages
- Information, public, 65, 67, 68, 76**
- Insurance**
Companies, licensing and taxation of—fed-
eral and provincial jurisdiction, 177, 206-
212, 225-228, 237-246
Health. See Unemployment Insurance Bill
- Jervis Bay—heroism displayed on sinking of, 38**
- Jewellery, marking of, 116**
- Judges, number of, 216**
- King, Hon. J. H., P.C.**
Health, Canada's national, 135-142
Pension Bill, 163, 188-196
Private Bill, 162
Trans-Canada Air Lines Bill, 120

Labour

- Board, National War, 278
- Cabinet, representation in the, 41
- Conditions, regulation of, during war, 8, 9, 33, 272-285
- Supply of, for war industry, 8
- See* Industrial Disputes Investigation Bill

Labour Department Bill. 1r, 220. 2r, 221.
3r postponed, 224, 228. 3r, 247

Lacasse, Hon. Gustave

- Conscription, 268
- Health, national, 73, 108
- Soldiers' children, separation allowances for, 268

Lambert, Hon. Norman P.

- Address in reply to Speech from Throne, 43
- Canada-United States joint defence policy, 43
- Labour Department Bill, 223, 224
- Meighen, Right Hon. Arthur, public service of, 45
- Ogdensburg agreement, 43-45

Léger, Hon. Antoine J.

- War Exchange Conservation Bill, 56-58

L'Espérance, Hon. D. O., the late, 285-288

Little, Hon. E. S.

- Divorce Bills, 123-127

Lloyd's. *See* Insurance companies

MacArthur, Hon. Creelman

- Hughes, Hon. J. J., the late, 75

Macdonald, Hon. John A., P.C.

- Hughes, Hon. J. J., the late, 75

Mail

- Transport of—contract with Trans-Canada Air Lines, 118

Marshall, Hon. Duncan McL.

- Prairie Farm Assistance Bill, 228-235

McGuire, Hon. W. H.

- Private Bill, 106

McMeans, Hon. Lendrum, the late

- Death of, 285-289
- Private bill, 46

Meat and Canned Foods Bill. 1r—m for 2r, 73. 2r—m for 3r postponed, 105, 3r, 116

Medicines, patent. *See* Health

Meighen, Right Hon. Arthur, P.C.

- Address in reply to Speech from Throne, 10
- The late Right Hon. Neville Chamberlain, 10
- The leadership of Right Hon. Winston Churchill, 10

Meighen, Right Hon. Arthur, P.C.—Con.

- The loyalty of Quebec, 11
- Conscription in the last war, 11
- The functions and rights of Parliament, 12
- The Ogdensburg agreement, 12
- Home defence, 13
- Agriculture, assistance to, 103-105
- Air Force, women's auxiliary, 250, 251, 258, 260
- Appropriation Bill, 83-92, 95, 102, 103
- Banting, Sir Frederick, the late, 62
- Canadian National Railways
 - Auditors Bill, 117, 118
 - Financing and Guarantee Bill, 218-220, 249, 252-257, 261
 - Traffic control, centralized, 147, 148
 - See* Railways
- Civil Service officials, salaries of, 221
- Conscription, 11. *See* Military service
- Customs Tariff Bill, 156
- David, Hon. Mr., compliments to, 11
- Defence
 - Associations, conference of, 149, 150
 - National, 12-15, 18, 19. *See* War
- Divorce Bills, 122, 127
- Divorce Jurisdiction Bill, 152, 161, 162
- Excess profits tax, 55-58
- Excess Profits Tax Bill, 157, 158
- Exchange, conservation of, 54-58, 164. *See* 50, 51, 156
- Excise Bill, 155
- Exeats for women, withholding of, 142, 249-251, 258, 260, 263
- Game Export Bill, 166, 167, 185
- Great Britain—attitude towards war equipment production in Canada, 87, 91, 92, 102, 103, 129, 130, 135, 251, 252, 261, 262
- Health, national, 136, 139, 141
- Housing scheme, 248, 249
- Hughes, Hon. J. J., the late, 74
- Income War Tax Bill, 212-215, 246, 247
- Indian Bill, 167-169
- Industrial Disputes Investigation Bill, 215
- Insurance companies, licensing and taxation of, 177-179, 206-209, 226-228, 238-244
- Judges, number of, 216, 217
- Labour Department Bill, 221-224, 228, 248, 249
- Magazines, United States, importation of, 50, 51
- Meat and Canned Foods Bill, 74, 105, 116
- Military
 - Service, 11, 267, 268. *See* War
 - Training, 86. *See* War
- Montreal terminals, cost of, 219, 252, 255, 256
- Munitions and supplies, production of in Canada, 87, 91, 92, 102, 103, 129, 130, 135, 251, 252, 261, 262
- National Railways Auditors Bill, 117, 118
- Natural Resources Transfer Bill, 199, 201
- O'Connor, Mr. W. F., the late, 61

- Meighen, Right Hon. Arthur, P.C.—Con.**
 Order in Council, legislation by, 62, 167-169
 Ottawa Agreement Bill, 74
 Parliament, rights and functions of, 12, 18,
 55, 56, 62, 103-105, 167-169, 201, 205
 Pension Bill, 188-195
 Pictou wharf, 59
 Prairie Farm Assistance Bill, 228-234
 Prairie Farm Rehabilitation Bill, 202
 Precious Metals Marking Bill, 117
 Private Bills, 77, 78, 106, 107, 162, 182
 Profits, excess, 55-58, 157, 158
 Railway employees' provident funds, 218-
 220, 254-257, 261
 St. Lawrence Waterways, 52, 88-90, 96
 Saturday Evening Post—admission to
 Canada, 51
 Senate
 Business and adjournments, 46, 62, 249
 Committee on Banking and Commerce,
 150
 Money bills and, 103, 104, 244
 Work and functions, 62, 103-105
 Senators, deceased, 74, 148
 Shipbuilding programme, 49
 Skelton, Dr. O. D., the late, 61
 Soldiers' children, separation allowances for,
 267, 268
 Special War Revenue Bills, 48, 50, 51, 177-
 179, 206-209, 224-228, 238-244
 Succession Duty Bill, 180, 181, 205, 206
 Taxation, Canada and Great Britain, 157
 Trans-Canada Air Lines Bill, 119-121
 Transport Commissioners, Board of, 182
 Unity, national, 11, 14
 War
 Appropriation Bill, 83-92, 95, 102, 103
 Charities Bill, 185
 Effort, Canada's 13-19, 23, 24. *See* Muni-
 tions
 Equipment production in Canada—attitude
 of Great Britain, 87, 91, 92, 102, 103, 129,
 130, 135, 251, 252, 261, 262
 Exchange Conservation Bills, 54-58, 164.
See 50, 156
 Measures Act—Order in Council under, 62
 Women in auxiliary services, 142, 249-251,
 258, 260, 263
See Defence
 Yukon Bill, 216, 217
- Military**
 Equipment. *See* Munitions, War
 Service, 4, 11, 14. *See* 185-193, 266-269. *See*
also Military training
 Training, 3, 14, 19, 20, 86, 87, 93, 95. *See*
 185-193, 266-269. *See also* Defence,
 Military Service
- Milk**, pasturization of, 141, 142
- Mobilization**, 13. *See* Military service, Mili-
 tary training, War effort
- Montreal Gazette**, article on Hon. Mr.
 Dandurand, 99
- Montreal terminals**, cost of, 219, 252-256
- Motor-cars**, importation of, 50
- Munitions and supplies**, production of, 8, 23,
 24, 27-33, 76, 83-87, 91-94, 99-103, 115,
 116, 128, 251, 259-263. *See* Great Britain,
 Ships, War Appropriation Bills, War
 Effort
- Murdock, Hon. James, P.C.**
 Canadian National Railways
 Financing and Guarantee Bill, 219, 220, 257
 Traffic control, centralized, 99
 Divorce cases, 121-128, 146, 147
 Divorce Jurisdiction Bill, 198
 Lloyd's, 239, 240
 Pension Bill, 185
 Prairie Farm Assistance Bill, 230
 Private Bill, 111
 Railway employees' provident funds, 257
 Senate and money bills, 176
 Special War Revenue Bill—licensing and
 taxation of insurance companies, 178,
 239, 240
 Unemployment Insurance Bill, 175, 176
- National Railways Auditors Bill**. 1r—m for 2r,
 97. 2r, 117. 3r, 118
- Natural Resources Transfer Bill**. 1r, 198.
 2r, 199. 3r, 200
- Naval bases**, establishment of, 9, 36
- Navy**
 British, 4, 38
 Canadian, 20, 21, 38, 115
- Newfoundland**, proposal to unite with
 Canada, 38
- Nutrition**. *See* Health
- O'Connor, Mr. W. F.**, the late, 60
- Ogdensburg Agreement**, 12, 17-19, 36, 43.
See Defence
- Oil**—taxation on well-drilling machinery and
 apparatus, 156
- Order in Council**, legislation by, 55, 56, 62,
 67, 103-105, 167-170, 176
- Ottawa Agreement Bill**. 1r—m for 2r, 74.
 2r, 96. 3r, 105
- Paquet, Hon. Eugène**
 Health, national, 108
- Parent, Hon. George (Speaker)**
 Senate and money bills, 176
 Victory Loan ceremony on Parliament Hill,
 212

- Parks**, national, 60, 200, 201
- Parliament**
Rights and functions of, 12, 18, 55, 56, 62, 67, 103-105, 167-170, 176, 201, 205, 283-285
Royal Assent, 58, 59, 143, 146, 271
Session
 Opening of, 1
 Prorogation, 293, 294
 Speeches from the Throne, 1, 294
- Parliamentary procedure**
Senate and money bills, 47, 103-105, 172-175, 183, 243-246
- Paterson, Hon. Norman M.**
Special War Revenue Bill, 242
- Patriotic Fund**, 269
- Pension Bill**. 1-2r, 163. Ref to com, 164.
Rep of com, 185, (div) 193, (div) 195.
3r, 196. *See* 266, 267, 269
- Pensions**
Canadian National Railways, 218-220, 254-257, 261
Soldiers'. *See* 137, 138. *See also* Pension Bill
- Pictou, N.S.**, Wharf at, 59
- Post Office**—contract with Trans-Canada Air Lines, 118
- Power, Hon. C. G.**, Minister of Defence for Air, 76
- Prairie Farm Assistance Bill**. 1-2r, 228. 3r, 235. *See* 276
- Prairie Farm Rehabilitation Bill**. 1r, 201. 2-3r, 202
- Precious Metals Marking Bill**. 1r—m for 2r, 97. 2r, 116. 3r, 117
- Prices and wages**, stabilization of, 8, 9, 33, 272-285
- Private Bills**
1r, 46, 63, 77
2r, 46, 52, 77, 78, 106, 107
Ref to com, 52, 77, 106, 107
Rep of com, 63, 111, 150
3r, 63, 111, 112, 149, 150
Commons amendments, 162, 182
Remission of fees, 150, 151
Suspension of rules, 106
British Columbia Telephone Company, 77, 78, 111, 162, 182
Consolidated Fire and Casualty Insurance Company, 106
General Security Insurance Company, 46, 52, 63
Ontario and Minnesota Power Company, Ltd., 106, 111
- Private Bills—Con.**
Roman Catholic Episcopal Corporation of James Bay, 107, 151
Ukrainian Catholic Mission of the Most Holy Redeemer, 63, 77, 150
United Grain Growers, Limited, 77, 78, 150
Wawanesa Mutual Insurance Company, 78
- Profits**, excess, taxation of, 55-58, 157
- Provinces'** relations with Dominion, 2, 9, 41
- Public Service Re-arrangement and Transfer of Duties Act**, 2
- Quebec, province of**
Economic training in, 4
War, attitude towards, 3-6, 11, 35, 40
- Railway Bill** (pro forma), 1r, 1
- Railways**
Employees' provident funds, 218, 220, 254, 255, 257, 261
See Canadian National Railways
- Reconstruction**, problems of, 73
- Recruiting**. *See* Military service, Military training, War effort
- Red Cross**, work of, 140
- Reilly, Clifford B.**, pension of, 193-195
- Revenue**. *See* Special War Revenue Bills, Succession Duty Bill, Taxation
- Roberts divorce case**, 127
- Robicheau, Hon. J. L. P.**
Fish, salt—Board's finances and administration, 235
- Robinson, Hon. Clifford W.**
Divorce Bills, 122-127, 159, 196-198
Divorce statistics, 293
- Royal Assent**, 58, 59, 143, 146, 271
- St. Lawrence Waterways development**, 26, 52, 88-91, 96
- Salaries**
Government department heads, 221-224, 228, 247
See Wages
- Salt Fish Board**—administration and finances, 235
- Saturday Evening Post**—admission to Canada, 51
- Sauvé, Hon. Arthur, P.C.**
Health, national, 68. *See* 184
- Sedlak divorce case**, 121, 146

Senate

Business and adjournments, 45-48, 58, 62, 63, 66, 142, 145, 150, 155, 176, 212, 249, 263, 266, 269, 272, 289, 292

Committees

Banking and Commerce, 150, 184

Orders and Privileges, 2

Selection, 2

Easter recess, 145

Law Clerk, the late, 60

Money bills and, 47, 103-105, 172-175, 183, 243-246

Sittings, emergency, 10, 33, 58, 272, 289

Work and functions, 62, 63, 66, 67, 103

Senate and House of Commons Bill. 1-2r, 256. 3r, 257

Senator, new, 2

Senators, deceased, 2, 11, 15, 74, 148, 285

Ships

Building of, 29, 45, 47, 48, 59, 65, 112. *See* Munitions

Convoing, by Canadian and Royal Navies, 115

Sale of, by Government Merchant Marine, 114, 115

Skelton, Dr. O. D., the late, 60

Soldiers

Pensions. *See* Pension Bill

Returned—health services, 137, 138

Separation allowances for children of, 266, 268

Special War Revenue Bills

No. 8. 1r, 48. 2r, 50. 3r, 51

No. 88. 1-2r, 177. Rep of com—m for 3r, 206. M for 3r, 225. 3r, 237. Amendment, 246

No. 101. 1-2r, 224. 3r postponed, 225. Consolidated with Bill No. 88, 246

Succession Duty Bill. 1r, 164. 2r, 180. Ref to com, 182. Rep of com, 202. 3r, 206

Sugar cane—manufacture of power alcohol from, 8

Supply

See Appropriation Bills

Tanks, manufacture of, 30. *See* Munitions

Tanner, Hon. Charles E.

Air squadrons, Canadian, 65, 67, 68, 76

Air training plan, 76

Aircraft production, 76, 77

Divorce Jurisdiction Bill, 179

Information, public, 67, 68, 76

Parks, national, 60

Pictou wharf, 59

Ships, building of, 45, 47, 48, 59, 65

Taxation

Great Britain, comparison with, 157

See Dominion-provincial relations, Excess Profits, Exchange, Excise, Finance, Income War Tax, Special War Revenue, Succession Duty

Taylor, Hon. J. D., the late, 148

Trade

Foreign, 25

Imports. *See* Exchange

United States, relations with, 51

Trans-Canada Air Lines Bill. 1r—m for 2r, 97. 2r, 118. 3r, 121

Transport Commissioners, Board of. *See* 182, 183

Unemployment

Housing scheme as remedy for, 248

Unemployment Insurance Act, 99, 261

Unemployment Insurance Bill. 1r, 159. M for 2r, 170. Point of order withdrawn, 183. M for 2r negatived, 196.

Union government, 14. *See* 35

United States

Air bases, establishment of, 9, 36

Air Force, British—training in United States, 250, 251, 258, 260

Defence of—attitude towards war, 1, 4, 5, 9, 12-19, 34, 36-38, 43, 86, 95, 265

Destroyers sent to Canada, 37

Magazines purchased in Canada, 50, 51

Naval bases, establishment of, 9, 36

Relations with, 45, 101

Trade with, 51

War, attitude towards. *See* United States defence

Unity, national, 3-6, 11, 14, 24, 35, 40, 100

Victory Loan—ceremony on Parliament Hill, 212. *See* 23

Vitamins, experiments to ascertain values, 139

Wages and prices, stabilization of, 8, 9, 33, 272-285

War

Appointments, non-partisanship in, 35

Cabinet committee on the, 41

Effort, Canada's, 1, 3, 7, 9, 13-24, 27, 34, 35, 38, 41, 86, 87, 91-95, 100-103, 115, 128, 264. *See* Appropriation Bills, Defence,

Military service, Military training, Munitions

Equipment production in Canada. *See* Appropriation Bills, Great Britain, Munitions

War—Con.

- Expenditure and finance, 23, 93-95. *See*
Finance, War Appropriation Bills, War
effort
Industry—supply of labour for, 8
Loan, 23, 212
Munitions. *See that title*
Revenue Bills. *See* Special War Revenue
Bills
Situation, 1, 3-7, 264. *See* War effort
United States and the, 1, 4, 5, 9, 12-19, 34,
36-38, 43, 86, 95, 265. *See* United States
Veterans' health services, 137, 138
Women in auxiliary services, 142, 249, 257-
260, 263
See Defence

War Appropriation Bills

- No. 19. 1r—m for 2r, 73. 2r, 78. 3r, 95.
Question of privilege, 99
Supplementary, 1940. 1-2r, 143. 3r, 144

War Charities Bill. 1-2r, 184. Ref to com,
185. Rep of com-3r, 202**War Exchange Conservation Bills**

- No. 9. 1-2r, 53. 3r, 58
No. 77. 1r, 164. 2r, 179. 3r, 180
See 50, 51, 101, 156

War Measures Act—Orders in Council, 2, 62**War-time Prices and Trade Board.** *See* 8, 9,
33, 272-278**Webster, Hon. Lorne C.,** the late, 285-288**Western Canada,** conditions in, 41, 103-105.
See Agriculture**Wheat**

- Prices of, 41
Production and marketing, 7, 26, 40-43. *See*
103-105
Surplus, utilization of, 8, 26, 40
See Agriculture

Wilson, Hon. Cairine R.

- Women for auxiliary war services—with-
holding of exeat, 263, 264

Women, in auxiliary war services—withholding
of exeat for, 142, 249, 257-260, 263**Youth,** Canadian, and the war, 3**Yukon Bill.** 1-2r, 216. 3r, 217